Washington State Auditor's Office

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Financial Statements and Federal Single Audit Report

Housing Authority of Grant County

For the period January 1, 2014 through December 31, 2014

Published September 24, 2015

Report No. 1015147

Washington State Auditor's Office

September 24, 2015

Board of Commissioners
Housing Authority of Grant County
Moses Lake, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Housing Authority of Grant County's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

Troy X. Kelley

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

Housing Authority of Grant County
January 1, 2014 through December 31, 2014

The results of our audit of the Housing Authority of Grant County are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements of the business-type activities and the aggregate discretely presented component units.

Internal Control Over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.

- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

Federal Awards

Internal Control Over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.

- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Housing Authority's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

CFDA No.	Program Title
10.405	Farm Labor Housing Loans and Grants

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was $300,000.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Housing Authority of Grant County
January 1, 2014 through December 31, 2014

Board of Commissioners
Housing Authority of Grant County
Moses Lake, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Grant County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated August 26, 2015.

Our report includes a reference to other auditors who have audited the financial statements of the Baird Springs Apartments, Beasley Hills Apartments, Camas Court, Capehart Wherry Apartments, Dawn Village, Frenchman Hills Apartments, Jardin de Rosas, Pelican Horn Apartments, Pershing Apartments, Priest Rapids Apartments and Wahluke Slope Apartments Tax Credit Partnerships, as described in our report on the Housing Authority of Grant County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

The financial statements of the Baird Springs Apartments, Beasley Hills Apartments, Capehart Wherry Apartments, Frenchman Hills Apartments, Jardin de Rosas, Pershing Apartments, Priest Rapids Apartments and Wahluke Slope Apartments Tax Credit Partnerships were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Baird Springs Apartments, Beasley Hills Apartments, Capehart Wherry Apartments, Frenchman Hills Apartments, Jardin de Rosas, Pershing Apartments, Priest Rapids Apartments and Wahluke Slope Apartments Tax Credit Partnerships.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests and the reports of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

August 26, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Housing Authority of Grant County
January 1, 2014 through December 31, 2014

Board of Commissioners
Housing Authority of Grant County
Moses Lake, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Housing Authority of Grant County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

August 26, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of Grant County
January 1, 2014 through December 31, 2014

Board of Commissioners
Housing Authority of Grant County
Moses Lake, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Grant County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 16.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Baird Springs Apartments, Beasley Hills Apartments, Camas Court, Capehart Wherry Apartments, Dawn Village, Frenchman Hills Apartments, Jardin de Rosas, Pelican Horn Apartments, Pershing Apartments, Priest Rapids Apartments and Wahluke Slope Apartments Tax Credit Partnerships, which represents 99 percent, 99 percent and 99 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Baird Springs Apartments, Beasley Hills Apartments, Camas Court, Capehart Wherry Apartments, Dawn Village, Frenchman Hills Apartments, Jardin de Rosas, Pelican Horn Apartments, Pershing Apartments, Priest Rapids Apartments and Wahluke Slope Apartments Tax Credit Partnerships, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Baird Springs Apartments, Beasley Hills Apartments, Capehart Wherry Apartments, Frenchman Hills Apartments, Jardin de Rosas, Pershing Apartments, Priest Rapids Apartments and Wahluke Slope Apartments Tax Credit Partnerships were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Grant County, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule and HUD form are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2015 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

August 26, 2015

FINANCIAL SECTION

Housing Authority of Grant County
January 1, 2014 through December 31, 2014

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2014

BASIC FINANCIAL STATEMENTS

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Schedule of Expenditures of Federal Awards – 2014
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Housing Authority of Grant County
Management's Discussion and Analysis
December 31, 2014

The Housing Authority of Grant County is pleased to present its basic financial statements for the fiscal year that ended December 31, 2014. These financial statements were completed in conformance with the Governmental Accounting Standards Board (GASB) based on the financial reporting model set forth in GASB Statement No. 34.

In addition to providing financial statements, recently established reporting standards require the provision of a management discussion and analysis, which is a narrative review of the agency's financial performance during the previous year.

Overview of the Financial Statements

Financial reporting standards require the inclusion of three basic financial statements, including:

- Statement of Net Position (balance sheet);
- Statement of Revenues, Expenses and Changes in Net Position, and;
- Statement of Cash Flows

The financial statements provide both long term and short term information about the Housing Authority's overall financial condition. They also include notes that explain some of the information in the financial statements. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

The Housing Authority's financial statements are prepared in conformance with accounting principles generally accepted in the United States of America as applied to governmental units on an accrual basis. Under this basis, revenues are recorded in the period in which they are earned, and expenses are recognized in the period in which they are incurred. Depreciation of assets is recognized in the Statement of Revenues, Expenses and Changes in Net Position.

The financial statements presented in 2014 show a significant change from 2013. The most significant change relates to increases in capital assets and related debt due to starting the rehabilitation of the Esperanza project. Due to competition for scarce resources and the changes to the scoring criteria within the Low-income Tax Credit Market, The Housing Authority had no tax credit affordable housing projects that were started or completed during 2014. The Housing Authority includes eleven Tax Credit Partnerships and one Development Corporation as component units in their financial statements due to their fiscal dependency on the Housing Authority, as prescribed by GASB 14.

Financial Highlights

Statement of Net Position:

Total assets in 2013 were $39,064,401. This number increased by $3,417,394 (primary government total column) in 2014 to a total of $42,481,795. Total liabilities in 2013 were $19,688,120 and increased to $23,577,021 in 2014.

Significant changes in assets and liabilities included the following:

- Current Assets (primary government total) were $1,750,367 in 2014 as compared to $1,798,810 in 2013. This was a decrease of $48,443.

- Total current liabilities were $1,202,320 in 2014 and $686,791 in 2013, increasing by $515,529.

- Total non-current assets were $40,731,428 in 2014 and $37,265,591 in 2013. The increase was $3,465,837.

- Total non-current liabilities were $22,374,701 in 2014, increasing from $19,001,329 in 2013. This was an increase of $3,373,372.

In summary, the Housing Authority's financial condition dipped slightly during the period under review with a net decrease in total net position of $471,507.

A condensed version of the Statement of Net Position for the Fiscal years Ended December 31, 2014 and 2013 is provided below:

	2014	2013
ASSETS		
Total Current Assets	$1,750,367	$1,798,810
Total Non-Current Assets	$40,731,428	$37,265,591
Total Assets	$42,481,795	$39,064,401
LIABILITIES AND NET ASSETS		
Total Current Liabilities	$1,202,320	$686,791
Total Non-Current Liabilities	$22,374,701	$19,001,329
Total Liabilities	$23,577,021	$19,688,120
NET POSITION		
Invested in Capital Assets, Net of Related Debt	$8,705,236	$8,777,094
Restricted Assets	$448,323	$499,825
Unrestricted Assets	$9,751,215	$10,099,362
Total Net Position	$18,904,774	$19,376,281
TOTAL LIABILITIES AND NET POSITION	$42,481,795	$39,064,401

Statement of Revenues, Expenses and Changes in Fund Net Position:

Total revenue (operating and non-operating), which was $6,542,942 in 2014, decreased by $342,016 from 2013's total revenue of $6,884,958.

A condensed version of the Statement of Revenues, Expenses and Changes in Fund Net Position for 2014 and 2013 is provided below.

	2014	**2013**
Total Operating Revenue	$5,390,390	$5,408,897
Total Non-Operating Revenue	$783,791	$1,003,679
Total Revenues	$6,174,181	$6,412,576
Total Operating Expense	$6,876,832	$7,042,579
Total Non-operating Expenses	$137,617	$145,879
Total Expenses	$7,014,449	$7,188,458
Capital Grant revenue	$368,761	$472,382
Change in Net Position	-$471,507	-$303,500

Financial Analysis:

The statement of net position presents the assets, liabilities and net position (assets minus liabilities) at the end of the fiscal year. Assets are broken down into two categories, "current assets" and "non-current assets." Current assets are things like cash, prepaid expenses, inventories, and short-term investments. Non-current assets include land, buildings, equipment, furnishings and capital improvements made to agency-owned buildings. Liabilities also are broken down into "current liabilities" and "non-current liabilities." Current liabilities generally represent cash that will be paid out by the agency over the short term. This category includes things like accounts payable in the next 90 days, the current portion of long-term debt and accrued interest payable. It also includes items that might need to be paid in the short term, such as tenant security deposits. Non-current liabilities are generally the long-term portion of notes or bonds.

A primary measure of creditworthiness is the ratio obtained by dividing an organization's current assets by its current liabilities (called "current ratio"), with a minimum standard typically being 1.2 to 1. The Housing Authority's current ratio as of December 31, 2014 was 1.46 to 1, which exceeds the minimum standard.

Revenue compared to expense provides a picture of the Housing Authority's income and how that compares to what it cost to pay for agency operations. The agency's total income in 2014 (primary government column) was $6,542,942, while total expenses were $7,014,449.

Capital Assets and Long-Term Debt Activity:

The net capital assets were $27,574,801 in 2014 increasing from $24,288,652 in 2013, with a net Capital Asset increase of approximately $3,286,149, net of depreciation.

Long-term debt, net of current maturities, was $22,076,480 in 2014 increasing from $18,660,966 in 2013, an increase of $3,415,514. The increase was primarily due to additional development projects that incurred new debt. The majority of this long-term debt is offset by the related notes receivable from the Tax Credit Partnerships.

Economic Factors Affecting the Housing Authority's Future:

In 2014, $3,121,803, or nearly 48% of the agency's total revenue, was income from the federal government, appropriated by the United States Congress to support capital improvements or help nearly a thousand Grant County families afford to pay rent. Additionally, a single funding source, the U.S. Department of Housing and Urban Development (HUD), has contributed $13,824,622 to the Housing Authority's total capital assets of $47,369,108 over our 70 plus – year operating history. Even though this funding typically has use restrictions and limits our ability to leverage debt financing, it is a major contribution to the success of our mission. Because national budget priorities have shifted over the past several years, federal support for affordable housing has eroded and continues to be at risk for continued erosion.

The Housing Authority of Grant County, like similar agencies across the state and across the country is challenged by the continued decline in federal support. Our Housing Authority has responded to this challenge by adopting a short-term strategy of developing new rental properties and capturing certain portions of the development revenue to augment agency operating income. This is a daunting strategy to implement because it requires both short and long-term cash investments in a period when cash is in short supply. During 2014, the Housing Authority of Grant County started one redevelopment project. Until January 2014, the Esperanza project located in Mattawa, Washington, consisted of forty seasonal migrant units of housing. During 2014, the Housing Authority secured financing from the United States Department of Agriculture-Rural Development and the Washington State Department of Commerce to remove twenty of the units, and build sixteen units of new housing.

Because of the risks involved and the timing of estimates, the changes being made by the Washington State Finance Commission and the Washington State Department of Commerce, this Housing Authority was not able to secure financing for any tax credit development projects. Strategic planning for a longer-term solution to the decline in federal support while still providing additional housing for low-income residents is still continuing. The development projects completed during the last few years, have become valuable self-sustaining projects and sources of revenue for the Housing Authority, and thereby has assisted the Authority in fulfilling its mission. Another avenue the Housing Authority has been developing to increase cash flow and cover a portion of its administrative cost is by becoming the primary agency in Grant County that provides assistance to those that are literally homeless or at-risk of becoming homeless.

Local government and for-profit businesses have some economic realities in common, the most primary being the fact that operating costs perpetually increase. The greatest challenge to our Housing Authority is the severe limitation on ways in which we can increase revenues to offset cost increases. On federally subsidized properties and those built using other types of government funds, have rent levels that are dictated by statute. The agency has no taxing authority, and by state law has limitations on business activities it can engage in. Future economic challenges, therefore, must be met through creative planning and with great caution. With the recent decline in federal funding and the reduced availability of financing through low income housing tax credits, the Housing Authority has partnered with federal and state agencies, and private lenders to continue supplementing its resources necessary for future development. During 2014 the Housing Authority has applied for funding for the acquisition and renovation of twenty units of affordable housing. The outcome of this financing is still uncertain at this time.

Housing Authority of Grant County
Statement of Net Position
December 31, 2014

Assets	Primary Government	Component Units
Current Assets:		
Cash and cash equivalents		
Unrestricted cash and cash equivalents	921,464	481,610
Unrestricted investments	430,665	-
Restricted cash and cash equivalents	355	-
Tenant security deposits	158,089	96,565
Accounts receivable:		
HUD	-	-
Miscellaneous	121,704	-
Tenants, dwelling units	38,036	21,355
Allowance for doubtful accounts	(5,945)	-
Fraud recovery	-	-
Prepaid expenses and other assets	46,310	45,304
Inventories	39,689	-
Total current assets	1,750,367	644,834
Noncurrent Assets:		
Restricted investments	447,968	1,736,849
Capital assets:		
Land	2,959,855	641,423
Land improvements	1,632,999	-
Buildings	36,209,492	34,741,481
Furniture and equipment, dwelling	701,494	1,079,581
Furniture and equipment, administrative	1,069,891	-
Construction in progress	4,795,377	
Less accumulated depreciation	(19,794,307)	(11,980,042)
Capital assets, net	27,574,801	24,482,443
Notes and mortgages receivable	730,931	-
Notes receivable from component units	11,963,600	-
Other assets	14,128	225,468
Total noncurrent assets	40,731,428	26,444,760
Total assets	42,481,795	27,089,594

The accompanying notes to the financial statements are an integral part of this financial statement

(continued)

Housing Authority of Grant County

Statement of Net Position, continued

December 31, 2014

Liabilities and Net Assets	**Primary Government**	**Component Units**
Current Liabilities:		
Accounts payable	680,020	53,790
Accrued compensated absences	55,194	-
Accrued interest payable	42,085	5,618
Tenant security deposits	157,116	95,576
Unearned income	90,542	8,849
Other current liabilities	-	173,121
Current maturities of long-term debt and other	177,363	84,502
Delete this account	-	-
Total current liabilities	1,202,320	421,456
Noncurrent Liabilities:		
Long-term debt, net of current maturities	22,076,481	13,308,175
Other long-term liabilities	298,220	976,352
Total other non-current liabilities	22,374,701	14,284,527
Total liabilities	23,577,021	14,705,983
Net Position:		
Invested in capital assets, net of related debt	8,705,236	10,113,414
Restricted	448,323	1,736,849
Unrestricted	9,751,215	533,348
Total net position	18,904,774	12,383,611
Total liabilities and net position	42,481,795	27,089,594

The accompanying notes to the financial statements are an integral part of this financial statement

Housing Authority of Grant County

Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2014

	Primary Government	Component Units
Operating revenues:		
Tenant rentals	2,418,946	1,930,231
Housing assistance payment subsidies	2,710,042	-
Other	261,402	142,269
Total operating revenues	5,390,390	2,072,500
Operating expenses:		
Administration	1,831,024	621,277
Utility services	864,022	426,304
Maintenance	1,281,384	483,638
Protective services	8,614	-
Housing assistance payments	1,412,641	-
Other	155,860	188,040
Depreciation and amortization	1,323,287	1,002,306
Total operating expenses	6,876,832	2,721,565
Income (loss) from operations	(1,486,442)	(649,065)
Non-operating revenue and (expenses):		
Operating grants	-	-
Interest income	140,286	1,354
Interest expense	(137,617)	(545,836)
Other	643,505	-
Total non-operating revenue and expenses	646,174	(544,482)
Income (loss) before capital contributions	(840,268)	(1,193,547)
Contributions:		
Capital grant revenue	368,761	-
Partner capital contributions	-	-
Total contributions	368,761	-
Change in net position	(471,507)	(1,193,547)
Net position at beginning of year	19,376,281	13,577,158
Net position at end of year	18,904,774	12,383,611

The accompanying notes to the financial statements are an integral part of this financial statement

Housing Authority of Grant County

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

For the Year Ended December 31, 2014

	Primary Government	Component Units
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Tenants	2,547,852	1,941,134
Housing assistance payment subsidies	2,710,042	
Other funds	5,883	
Other	261,402	142,269
Cash paid to/for:		
Rental operations	(3,184,345)	(1,071,243)
General & Administrative	(1,831,024)	(621,277)
Other funds	(5,883)	-
Net cash provided by (used in) operating activities	503,927	390,883
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other income	643,505	-
Net cash provided by noncapital financing activities	643,505	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Land, building, and equipment additions	(4,627,557)	(21,724)
Capitalized financing costs		
Principal borrowing (payments) on long-term debt	3,335,938	217,937
Capital contributions	368,761	-
Mortgage interest paid	(119,496)	(545,836)
Net cash used in capital and related financing activities	(1,042,354)	(349,623)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received on contracts and investments	140,285	1,354
Net cash transferred (to) from investments	51,502	(33,006)
Investment in notes and financing leases	(231,190)	19,397
Net cash provided by (used in) investing activities	(39,403)	(12,255)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	65,675	29,005
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,444,898	549,170
CASH AND CASH EQUIVALENTS, END OF YEAR	1,510,573	578,175

The accompanying notes to the financial statements are an integral part of this financial statement

(Continued)

Housing Authority of Grant County

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

For the Year Ended December 31, 2014

	Primary Government	Component Units
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Income (Loss) from operations	(1,486,442)	(649,065)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,323,287	1,002,306
Change in assets and liabilities:		
Decrease (increase) in assets:		
Accounts and other receivables	128,906	10,903
Inventories	(2,647)	-
Prepaid expenses and other assets	(12,140)	4,435
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	500,326	18,897
Prepaid rent	52,637	3,407
Net cash provided by (used in) operating activities	503,927	390,883
Cash per SCF	1,510,573	578,175
Cash per BS	1,510,573	578,175

The accompanying notes to the financial statements are an integral part of this financial statement

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Program Descriptions:

The Housing Authority of Grant County (Housing Authority) was duly created pursuant to the authority of the Constitution and statutes of Washington and is a municipal corporation established particularly pursuant to Title 35.82 RCW. The primary purpose of the Housing Authority is to finance the acquisition, construction, rehabilitation and ownership of housing intended for occupancy or ownership, or both, by families of low or moderate income in Grant County and to operate its housing programs in accordance with Federal and State laws and regulations.

***Reporting Entity*:**

The Housing Authority is governed by an elected six-member board. The Housing Authority is not financially dependent on any other entities and is not considered to be a component unit of any other entities. The Housing Authority reports all of its activities as one enterprise fund, in accordance with Generally Accepted Accounting Principles (GAAP).

As defined by GAAP established by the Governmental Accounting Standards Board (GASB), the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units' board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (c) the component unit is financially dependent on the primary government.

Component units are reported as part of the reporting entity under either the blended or discreet method of presentation. There are two situations where blending is allowed (1) when the board of the component unit is substantially the same as that of the primary government and (2) when the component unit serves the primary government exclusively, or almost exclusively.

Program Descriptions:

The Housing Authority's programs are accounted for through the use of various project accounting codes created to demonstrate compliance with financial and legal requirements. These individual programs and projects, which are described below, are assigned to various programs which comprise the single enterprise proprietary fund of the Housing Authority. The following are the programs and housing projects of the Housing Authority:

- **Operating Program and Projects**

  Larson– The Larson project was established to account for the original purchase of the Larson Air Force Base in 1977. The base consisted of 1,186 housing units located on 374 acres in Moses Lake, Washington. Since the original purchase, the Larson has been engaged in the transition of these housing units to private ownership and to federal housing programs. The project currently consists of approximately 126 housing units, which are used to provide low and moderate-income housing.

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Organization and Program Descriptions (continued):

- **Operating Program and Projects, continued**

  Mental Health Housing – The Mental Health Housing project consists of 10 housing units in Moses Lake and Ephrata, Washington. The project was established in 1995 to provide low-income housing to individuals with chronic mental illness. Funding for the construction of the housing units was provided through a Washington Department of Community Development loan.

  Developmentally Disabled – The Developmentally Disabled project consists of 5 housing units in Moses Lake, Washington. The project was established in 1994 to provide low-income housing to developmentally disabled individuals. Funding for the construction of the housing units was provided through a Washington Department of Community Development loan.

  Esperanza – The Esperanza project consists of temporary housing units in Mattawa, Washington. The project was established in 1999 to provide seasonal low-income farmworker housing to domestic farm laborer families. Funding for the project was provided by a Washington State Department of Community Trade and Economic Development Block Grant.

- **Rural Rental Assistance Payments Program and Projects**

  Mattawa – The Mattawa project consists of 20 housing units for low-income agricultural workers located in Mattawa, Washington. The funding for the renovation of the 20 houses was provided through a USDA Rural Development loan in 1986. The project receives ongoing rental assistance subsidies from USDA. There are no housing assistance payments paid.

  Beverly Lane Apartments – The Beverly Lane Apartments project consists of 32 housing units for low-income rural housing located in Quincy, Washington. The Housing Authority acquired the project in 1998 by assuming the existing USDA Rural Development loan and by issuing additional tax-exempt promissory notes. The project receives ongoing rental assistance subsidies from USDA. There are no housing assistance payments paid.

  Karen Lane Apartments – The Karen Lane Apartments project consists of 24 housing units for low-income rural housing located in Ephrata, Washington. The Housing Authority acquired the project in 1998 by assuming the existing USDA Rural Development loan and by issuing additional tax-exempt promissory notes. The project receives ongoing rental assistance subsidies from USDA. There are no housing assistance payments paid.

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Organization and Program Descriptions (continued):

Spring Canyon - The Spring Canyon project consists of 17 low-income housing units located in Grand Coulee, Washington. The funding for the purchase and renovation was provided by a Washington State Department of Commerce loan. The project receives ongoing rental assistance from HUD. The project was purchased in 2008.

Nueva Vida - The Nueva Vida project consists of 9 low-income agricultural worker housing units located in Mattawa, Washington. The funding for the purchase and renovation was provided by a Washington State Department of Commerce loan. The project was acquired in 2009.

Joseph Cove - The Joseph Cove project consists of 18 low-income housing units located in Bridgeport, Washington. The funding for the purchase and renovation was provided by a Washington State Department of Commerce loan. The project receives ongoing rental assistance from HUD. The project was purchased in 2010, and was completed in 2011.

Bell Hotel - The Bell Hotel project consists of 14 low-income apartment housing units, and 7 commercial units located in Ephrata, Washington. The funding for the purchase and renovation was provided by Washington State Department of Commerce and WCRA loans. The project was purchased in 2010.

Rose Garden - The Rose Garden project consists of 9 low-income apartment housing units located in Ephrata, Washington. The funding for the purchase was provided by a Washington State Department of Commerce loan. The project was purchased in 2010.

Purple Sage – The Purple Sage projects consists of 8 housing units located in Quincy, Washington and 16 units in Ephrata, Washington. The funding for the purchase and renovation was provided by a Washington State Department of Commerce loan. The original 8 Quincy Project units were purchased in 2010 and through rehab and additions, have been renamed Purple Sage and was completed during 2012.

Airway Apartments - The Airway Apartments project consists of 12 transitional housing units located in Moses Lake, Washington. The project was purchased in 2010.

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Organization and Program Descriptions (continued):

- **Section 8 Program**

  Section 8 Larson – The Section 8 Larson project consists of 47 housing units for low-income families located in Moses Lake, Washington. The funding for the renovation of the 47 houses was provided through a U.S. Department of Agriculture (USDA) Rural Development loan in 1982. The project receives ongoing rental assistance payments from HUD. There are no housing assistance payments paid.

- **Low Rent Public Housing Program**

  HUD Public Housing – The HUD Public Housing project consists of 217 housing units for low-income families located in Moses Lake, Washington, and other surrounding communities. The U.S. Department of Housing and Urban Development (HUD) provided the funding to purchase these housing units. HUD provides ongoing operating subsidies to the project.

- **Housing Choice Vouchers Program**

  Section 8 Voucher – The Section 8 Voucher program was established to account for the income and expenses related to the administration of the HUD Section 8 Voucher program. The Housing Authority administers approximately 237 housing vouchers which assist low-income families to obtain rental housing.

- **Public Housing Capital Fund Program**

  HUD Capital Fund Program and Comprehensive Improvement Assistance Program – The HUD Capital Fund Program (CFP) and Comprehensive Improvement Assistance Program (CIAP) was established to account for capital funds provided by HUD to improve and upgrade existing public housing units. During 2014, the CIAP improvements of the existing public housing units were completed and improvements of $368,761 were not yet transferred from CFP to the HUD Public Housing Program.

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

As of and for the year ended December 31, 2014, the Housing Authority had the following component units:

- **Beasley Hills Apartments Limited Partnership** – Beasley Hills Apartments Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority on June 15, 1998, entered into a limited partnership agreement with Beasley Hills Apartments Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Beasley Hills Apartments Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit.

  Beasley Hills Apartments Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

- **Frenchman Hill Apartments, Limited Partnership** – Frenchman Hill Apartments, Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority on May 15, 1998, entered into a limited partnership agreement with Frenchman Hill Apartments Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Frenchman Hill Apartments Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit.

  Frenchman Hill Apartments Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

- **Camas Court Limited Partnership** – Camas Court Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority on December 15, 2007, entered into a limited partnership agreement with Camas Court Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Camas Court Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Reporting Entity (continued)

- **Wahluke Slope Apartments, Limited Partnership** – Wahluke Slope Apartments Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority on April 9, 1999, entered into a limited partnership agreement with Wahluke Slope Apartments Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Wahluke Slope Apartments Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit.

  Wahluke Slope Apartments Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

- **Priest Rapids Apartments, Limited Partnership** – Priest Rapids Apartments Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority on May 29, 2001, entered into a limited partnership agreement with Priest Rapids Apartments Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Priest Rapids Apartments Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit.

  Priest Rapids Apartments, Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

- **Pershing Apartments, Limited Partnership –** Pershing Apartments Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority entered into a limited partnership agreement with Pershing Apartments Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Pershing Apartments Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit.

  Pershing Apartments, Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Reporting Entity (continued)

- **Baird Springs Apartments, Limited Partnership** – Baird Springs Apartments Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority on May 29, 2001, entered into a limited partnership agreement with Baird Springs Apartments, Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Baird Springs Apartments Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit.

  Baird Springs Apartments, Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

- **Capehart Wherry Apartments Limited Partnership –** Capehart Wherry Apartments Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority on May 29, 2001, entered into a limited partnership agreement with Capehart Wherry Apartments, Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Capehart Wherry Apartments Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit.

  Capehart Wherry Apartments, Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

- **Jardin De Rosas, Limited Partnership** – Jardin De Rosas Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority entered into a limited partnership agreement with Jardin De Rosas Limited Partnership for the purpose of constructing and operating a residential housing project. The Housing Authority is a general partner with a .01% interest in the partnership. All profits, losses, and credits are allocated to the partners in accordance with their partnership interests.

  Jardin De Rosas Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit.

  Jardin De Rosas, Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

- **Palisades Development Group** – Palisades Development Group is a legally separate entity formed in 2003 by the Housing Authority to develop real estate construction projects for the Authority and other developers. The charter of Palisades Development Group stipulates that the organization exists for the direct benefit of the Housing Authority and therefore is shown as a discretely presented component unit.

  During 2014 Palisades Development Group made contributions of $0 to the Housing Authority. There is no assurance or requirement that Palisades Development Group will to contribute funds to the Housing Authority in future years.

- **Pelican Horn Apartments Limited Partnership** – Pelican Horn Apartments Limited Partnership is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority is the general partner with a .01% interest in the Partnership. Pelican Horn Apartments Limited Partnership is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit. Pelican Horn Apartments Limited Partnership received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

- **Dawn Village, LLC** – Dawn Village LLC is a legally separate entity formed to take advantage of low income housing tax credits needed to finance the project. The Housing Authority is the managing member with a .01% interest in the LLC. Dawn Village LLC is fiscally dependent on the Housing Authority, does not serve the primary government exclusively, or almost exclusively, and therefore is shown as a discretely presented component unit. Dawn Village LLC received an unqualified opinion on their audited financial statements as of December 31, 2014, and a copy of the financial statements may be obtained by contacting the Housing Authority.

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

Basis of accounting and presentation

The Housing Authority funds are accounted and reported using the economic resources measurement focus. The Housing Authority uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property and equipment purchases are capitalized and long-term liabilities are accounted for in the appropriate fund. Depreciation of assets is recognized and all assets and liabilities associated with the operation of the Housing Authority are included in the statement of net assets. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Operating revenues include fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating revenues also include operating subsidies and grants provided by Housing and Urban Development (HUD) for each unit rented to qualified tenants in the public housing and Section 8 programs. The use of this classification is based on guidance from HUD, the primary user of the financial statements. Operating expenses are those expenses that are directly incurred while in the operation of providing low income housing.

This presentation results in an operating income that is higher than a non-operating revenue presentation by the amount of the subsidies and/or grants. Overall it does not affect the presentation of net income or the change in net assets in the statement of revenues, expenses, and changes in net assets, or the presentation of cash and cash equivalents in the statement of cash flows.

The accounting records are maintained in accordance with Financial and Accounting Handbooks (RHA 7510.1 and 7420.6) prescribed by HUD and applicable rules prescribed by the Department of Agriculture, Farmers Home Administration (USDA-RD)

The Housing Authority has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The primary impact of the implementation of this statement on the Housing Authority is the addition of a Management's Discussion and Analysis as required supplementary information; a change in the classifications of fund equity from fund balances to net assets, which are also required to be further categorized between (1) invested in capital assets, net of related debt, (2) restricted net assets and (3) unrestricted net assets; use of the direct method to present the statement of cash flows; and certain additional note disclosures.

Recently Issued Accounting Standards

In June 2012, the Governmental Accounting Standards Board issued GASB No. 68, *Accounting and Financial Reporting for Pensions Plans – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. The Authority is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

In November 2013, the Governmental Accounting Standards Board issued GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Summary of Significant Accounting Policies (continued):

or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68. The Authority is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

In February 2015, the Governmental Accounting Standards Board issued GASB No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Authority is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

Cash and cash equivalents
For purposes of the statements of cash flows, all unrestricted and restricted cash and highly liquid unrestricted investment with an original maturity of three months or less are considered to be cash equivalents.

As of December 31, 2014 the Housing Authority's carrying amounts of deposits was $1,958,541 and are classified as cash and cash equivalents on the statement of net assets. The Housing Authority's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission.

Accounts receivable
An allowance for doubtful tenant accounts receivable has been established by management based on historical collection results. Accounts receivable from HUD are comprised primarily of grant funds receivable under the HUD Capital Fund Program. No allowance for doubtful accounts for HUD and other accounts receivable has been established as management believes these amounts will be collected in full.

Inventories
Inventories of materials and supplies are stated at the lower of cost or market on a first-in, first-out method.

Restricted assets
Restricted assets consist of cash and investments that are restricted in use by various lease agreements, loan agreements and regulatory agreements. Restricted assets were held for the following purposes:

	Primary Government	Component Units
Escrow accounts (taxes and insurance)	$ -	-
HUD Family Self Sufficiency	355	-
Tenant security deposits	158,089	96,565
Operating and replacement reserve accounts	378,226	1,736,849
Down payment assistance program	69,742	-
	$ 606,412	1,833,414

Summary of Significant Accounting Policies (continued):

Capital assets and Depreciation

All capital assets are recorded at historical cost. Property and equipment acquired through contributions are recorded at the fair value on the date donated. All capital assets, including expenditures for property and equipment including major improvements and renovations, with a value greater than $5,000 and a useful life of over one year are capitalized. Expenditures for maintenance, repairs, and minor replacements are charged to expenses when incurred. Assets retired, replaced, or otherwise disposed of are eliminated from the asset accounts and the related amounts of accumulated depreciation are eliminated from the accumulated depreciation accounts.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The related property and equipment categories and their respective depreciable range of lives are as follows:

Buildings	20 – 40 years
Furniture, equipment, and machinery	3 – 10 years

Depreciation is not computed on housing units until the construction is completed.

Income taxes

Income received or generated by the Housing Authority is not subject to federal income tax pursuant to Internal Revenue Code Section 115. The Authority is exempt from state and local property taxes.

Accrued compensated absences

The Housing Authority records unpaid leave for compensated absences as an expense and liability when earned by the employee. Both union and nonunion employees are entitled to paid sick leave and vacation which is earned over a scheduled period of time as follows:

- Sick leave – Full-time employees accrue sick leave at the rate of 120 hours per year worked up to a maximum of 480 hours for union employees and 480 hours for nonunion employees. Upon termination of employment, employees will be paid 33% of up to the maximum accrual amount of 480 hours.
- Vacation – Full-time union and all nonunion employees are entitled to receive annual vacation pay after completion of one year of service. Unused vacation for union employees may be accumulated and carried over to the next year up to a maximum of 160 hours or up to 240 hours with approval from the Executive Director. Nonunion employees are able to accumulate and carry over vacation up to a maximum of 240 hours. Any vacation leave in excess of these limitations will be forfeited. Upon termination of employment, all employees will be allowed vacation pay for any vacation earned and accrued but not yet taken.

Summary of Significant Accounting Policies (continued):

Vacation is accumulated for employees as follows:

0 – 2 year of service	120 hours
3 – 4 years of service	150 hours
5 – 8 years of service	170 hours
9 – 14 years of service	190 hours
15+ years of service	220 hours

Part-time nonunion employees accrue annual vacation leave prorated on the basis of hours actually worked in a standard work year of 2,080 hours.

Donations, and nonexchange transactions

The Housing Authority has implemented GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*. The statement requires entities to recognize capital contributions to proprietary funds as revenues and not as contributed capital. Donations and nonexchange transactions are accounted for based upon guidance provided by the Statement.

Allowance for loan losses

The Housing Authority provides for loan losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment to maintain the allowance at a level it believes sufficient to cover losses on collection of loans. Estimated future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience, economic conditions, the value and adequacy of collateral, and the current level of the allowance. The provision for loan losses was $5,379 for the year ending December 31, 2014.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 — INVESTMENTS:

As required by state law, all investments of the Housing Authority's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the state of Washington, general obligations of Washington State municipalities, the Grant County of Washington Investment Pool, bankers' acceptances, or certificates of deposit with Washington State banks and savings and loan institutions. All investments are stated at cost plus accrued interest, which approximates fair market value.

Certain cash deposits and investments are classified as restricted assets if their use for general operating purposes is legally or contractually prohibited. Restricted cash and investments held by the Housing Authority comprise primarily tenant security deposits, debt service reserves, and reserves held for future capital improvements on properties owned by the Housing Authority. Cash deposits and investments at December 31, 2014 are categorized as follows:

Cash and cash equivalents:	
Money market savings	$ 1,457,414
Investments:	
Investment in Grant County investment pool	501,127
	$ 1,958,541

There are many factors that can affect the value of investments. Some, such as custodial risk, concentration of credit risk, and foreign currency risk may affect both equity and fixed-income securities. Fixed income securities are particularly sensitive to credit risks and changes in interest rates. The Housing Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Interest rate risk is the risk that the value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter maturities. The Housing Authority's investment policy does not restrict investment maturities. At year end, the average maturities of investments are less than one year.

Concentration of credit risk is the risk of loss associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, and other pooled investments are excluded from this review. Investments in the various investment pools managed by the State are external investment pools and are not subject to concentration of credit risk. There is no concentration of any single individual issuer of equity or non-U.S. government fixed income securities that comprise more than five percent of total investments.

Foreign currency risk is the possibility that changes in exchange rates between the U.S. dollar and foreign currencies could adversely affect a deposit or investment's fair value. The Housing Authority has no exposure to foreign currency risk.

NOTE 3 — NOTES AND MORTGAGES RECEIVABLE:

The Housing Authority's notes and mortgages receivable are comprised of second mortgages issued in connection with the sale of housing units to low-income families. Substantially all mortgage receivables are secured by a lien on the real property. The Housing Authority's notes receivable from component units were issued in conjunction with the acquisition and construction of housing units and are comprised of secured and unsecured notes receivable.

A portion of these notes are related to the sale of housing units in the HUD Public Housing program. These homes are sold as part of the HUD Hope I program. The Hope I notes include a provision in which principal and interest is forgiven over fourteen years starting six years after the date of the note. Consequently, the Housing Authority has recorded a deferred credit in noncurrent liabilities on the balance sheets equal to the amount of Hope I notes.

The Housing Authority has also issued second mortgages in connection with the sale of Larson Division housing units to low-income families. These notes bear interest in the range of 5% to 7%. All interest and principal payments are deferred for five years from the date of the note.

The Housing Authority administers a revolving loan fund in cooperation with the Washington State Department of Community Trade and Economic Development (DCTED). Under this agreement the Housing Authority has issued second mortgages in connection with the sale of housing units to low-income families. The note principal payment is deferred 50 years. Contingent interest will be charged if there is a default on the note before the 50-years maturity. The Housing Authority has recorded the principal amount of these notes as assets on the balance sheets with an offsetting amount in concurrent liabilities representing the liability for the revolving loan funds to DCTED.

At December 31, 2014, the Housing Authority's notes and mortgages receivable were as follows:

HUD Public Housing Hope I notes	$	82,209
Larson Division second mortgages		56,917
DCTED revolving loan fund notes		523,849
Other notes receivable		67,956
Notes receivable from component units		11,963,600
	$	12,694,531

Notes and mortgages receivable at year-end consist of amounts owed on mortgages, promissory notes or contracts receivable. Amounts owed on mortgages, promissory notes or contracts receivable generally refer to loan amounts that are due and payable over time and consist of long-term receivables for loans that are secured by real property, or for deferred developer fees from our tax credit partnerships, which are component units of the Authority. Because the material account balances are generally secured by partnership agreements, or secured by liens against real property there is generally no need to estimate uncollectible amounts.

Notes receivable due from component units, as of December 31, 2014, consisted of the following:

Baird Springs Apartments Limited Partnership	$	447,386
Beasley Hills Apartments Limited Partnership		779,246
Camas Court Limited Partnership		714,876
Capehart Wherry Apartments Limited Partnership		3,719,232
Dawn Village Apartments, LLC		1,299,875
Frenchman Hill Apartments Limited Partnership		1,732,339
Jardin De Rosas, Limited Partnership		1,083,298
Pelican Horn Apartments, Limited Partnership		982,580
Pershing Apartments, Limited Partnership		509,977
Priest Rapids Apartments Limited Partnership		319,900
Wahluke Slope Apartments Limited Partnership		374,891
	$	11,963,600

NOTE 3 — NOTES AND MORTGAGES RECEIVABLE (continued):

Baird Springs Apartments Limited Partnership

The project was developed by the general partner. At December 31, 2014, Baird Springs Apartments Limited Partnership had payables totaling $447,386 due to the general partner, the Housing Authority.

Beasley Hills Apartments Limited Partnership

The developer fee note is payable in full on the expiration date of the compliance date as defined in the Partnership Agreement. The note provides for payments contingent on cash flow and other factors and accrues interest at 6.39%, compounded annually. The outstanding balance of the unsecured developer note receivable and accrued interest at December 31, 2014, was $555,626.

In addition, the project was developed by the Housing Authority. At December 31, 2014, Beasley Hills Apartments Limited Partnership had payables totaling $223,620 due to the general partner, the Housing Authority.

Camas Court Limited Partnership

The project was developed by the general partner. At December 31, 2014 Camas Court Limited Partnership had a note payable for an assigned acquisition note of $709,054 and other payables of $5,822.

Capehart Wherry Apartments Limited Partnership

The developer note receivable is payable in full on the expiration date of the compliance date as defined in the Partnership Agreement. The note provides for payments contingent on cash flow and other factors and accrues interest at 4.85%, compounded annually. The outstanding balance of the unsecured developer note receivable, including accrued interest, at December 31, 2014, was $431,724.

Notes and mortgages receivable include a lease receivable from the Capehart-Wherry Apartments Limited Partnership resulting from the sale of 50 housing units which make up the Capehart-Wherry project. The agreement is a financing lease under accounting principles generally accepted in the United States of America. The outstanding balance, including accrued interest, at December 31, 2014, is $3,287,509. The lease requires quarterly payments sufficient to amortize the lease over 50 years at an assumed rate of 5.7%. Payments were due beginning November 1, 2003, and are contingent upon cash flow. No principal reduction payments are expected during the next five years; therefore, the entire balance is classified as long term.

Dawn Village, LLC

The project was developed by the managing member. At December 31, 2014, Dawn Village Apartments LLC had two acquisition notes payable, including accrued interest, payable to the managing member, the Housing Authority, totaling $1,299,875.

Jardin De Rosas Limited Partnership

The project was developed by the general partner. At December 31, 2014, Jardin De Rosas Apartments Limited Partnership had payables totaling $213,156 due to the general partner, the Housing Authority. These amounts are directly related to the construction of the project. The project also has a note payable of $870,142 due to the general partner.

Frenchman Hill Apartments Limited Partnership

During 2001 an unpaid developer fee was converted to an unsecured developer note receivable. The note is payable in full on the expiration date of the compliance date as defined in the Partnership Agreement. The note provides for payments contingent on cash flow and other factors and accrues interest at 6.77%, compounded annually. The outstanding balance of the unsecured developer note receivable at December 31, 2014, was $493,508.

The Housing Authority has a note receivable from the partnership in the amount of $616,023, payable in annual installments of $13,107, beginning in 2001, including interest at zero percent, secured by a deed of trust and maturing in June 2050.

The Housing Authority has a second note receivable from the partnership in the amount of $383,236, payable in annual installments of $9,777, beginning in 2001, including interest at one percent, secured by a deed of trust and maturing in March 2050.

In addition, the project was developed by the Housing Authority. At December 31, 2014, Frenchman Hill Apartments Limited Partnership had accrued interest and payables totaling $237,248 due to the general partner, the Housing Authority.

Pelican Horn Apartments Limited Partnership

The project was developed by the general partner. At December 31, 2014 Pelican Horn Apartments Limited Partnership had a total of $982,580 payable to the general partner. The total is comprised of note payable for syndication fees, a Developer Fee note payable, acquisition note payable and accrued interest.

Pershing Apartments Limited Partnership

The project was developed by the general partner. At December 31, 2014, Pershing Apartments Limited Partnership a developer fee of $330,690, including accrued interest at 4.72 percent, due to the general partner, the Housing Authority. These amounts are directly related to the construction of the project. At December 31, 2014, the Housing Authority had advances to the partnership of $179,287 and are unsecured and non-interest bearing.

Priest Rapids Apartments Limited Partnership

During 2003 an unpaid developer fee was converted to an unsecured developer note receivable. The note is payable in full on the expiration date of the compliance date as defined in the Partnership Agreement. The note provides for payments contingent on cash flow and other factors and accrues interest at 4.90%, compounded annually. The outstanding balance of the unsecured developer note receivable at December 31, 2014, was $300,772. At December 31, 2014, Priest Rapids Apartments Limited Partnership had payables totaling $19,128 due to the general partner, the Housing Authority.

Wahluke Slope Apartments Limited Partnership

A note receivable for the purpose of construction, is receivable from the limited partnership. The note is non-interest bearing. Annual installment of $10,140 is due and receivable commencing August 2001 through April 2017. Annual installments of $10,410 are due and receivable commencing April 2018 though April 2051. The note is collateralized by real estate. The balance owing at December 31, 2014, is $374,891.

NOTE 4 — CAPITAL ASSETS:

The following is a summary of the changes in capital assets of the Housing Authority:

Primary government:

	Balance January 1, 2014	Additions	Dispositions and Transfers	Balance December 31, 2014
Capital assets not being depreciated:				
Land	2,931,529	-	28,326	2,959,855
Construction in progress	1,162,112	4,345,648	(712,383)	4,795,377
Depreciable capital assets:				
Buildings	35,311,897	235,855	661,740	36,209,492
Furniture, equipment and machinery, dwelling	714,516	32,467	(45,489)	701,494
Furniture, equipment and machinery, administrative	1,044,330	3,616	21,945	1,069,891
Leasehold improvements	1,628,371	-	4,628	1,632,999
	38,699,114	271,938	642,824	39,613,876
Less accumulated depreciation	18,504,103	1,311,997	(21,793)	19,794,307
Total capital assets being depreciated, net	20,195,011	(1,040,059)	664,617	19,819,569
Total capital assets, net	24,288,652	3,305,589	(19,440)	27,574,801

The following is a summary of the changes in capital assets of the Housing Authority's component units:

	Balance January 1, 2014	Additions	Dispositions and Transfers	Balance December 31, 2014
Capital assets not being depreciated:				
Land	641,423	-		641,423
Construction in progress	-			-
Depreciable capital assets:				
Buildings and improvements	34,741,481	-		34,741,481
Furniture, equipment and machinery, dwelling	1,077,242	2,339		1,079,581
	35,818,723	2,339	-	35,821,062
Less accumulated depreciation	10,997,121	982,921	-	11,980,042
Total capital assets being depreciated, net	24,821,602	(980,582)	-	23,841,020
Total capital assets, net	25,463,025	(980,582)	-	24,482,443

NOTE 5 — PENSION PLANS:

All full-time and part-time permanent Housing Authority employees participate in the Public Employees' Retirement System administered by the Department of Retirement Systems of the State of Washington (DRS) under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The DRS, a department within the primary government of the state of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50*, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

Plan Description:

Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plan 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either February 28, 2002, for state and higher education employees, or after August 31, 2002, for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the state legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2% of the average final compensation per year of service, capped at 60%. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching the age of 66 a cost of living allowance is granted based on years of service credit and is capped at 3% annually.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

NOTE 5 — PENSION PLANS (continued):

Plan Description (continued):

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65. PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3 percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1% of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including twelve months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3% per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2. The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

Six-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS December 31, 2014 combined actuarial valuation report. Such report can be obtained from the Washington State Department of Retirement Systems at 402 Legion Way, Olympia, WA 98504.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2013:

Retirees and Beneficiaries Receiving Benefits	85,328
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	31,047
Active Plan Members Vested	150,706
Active Plan Members Nonvested	101,191
Total	368,272

NOTE 5 — PENSION PLANS (continued):

Funding Policy:

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6% and do not vary from year to year. The employer and employee contribution rates for Plan 2 and the employer contribution rates for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the legislature. PERS Plan 3 defined contribution is a noncontributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15%; two of the options are graduated rates dependent on the employee's age. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

The Housing Authority currently has two employees who are enrolled in PERS Plan 1, twenty-four employees in PERS Plan 2 and five employees in PERS Plan 3. The required contribution rates for year ended December 31, 2014, were:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer	9.21%	9.21%	9.21%
Employee	6.00%	4.92%	varies

Both the Housing Authority and the employees made the required contributions to the pension plans. The Housing Authority's required contributions for the year ended December 31 were:

	PERS Plan I	PERS Plan II	PERS Plan III
2014	$ 6,207	$ 69,653	$ 16,646
2013	$ 7,404	$ 95,061	$ 15,680
2012	$ 6,247	$ 84,714	$ 10,073

NOTE 6 —COMPENSATED ABSENCES

The compensated absence balance as of December 31, 2014 is as follows:

Compensated absences at December 31, 2013	$ 238,704
Increase (decrease) during the year	(70,578)
Compensated absences at December 31, 2014	$ 168,126
Current portion of compensated absences	$ 55,195
Noncurrent portion of compensated absences	112,931
	$ 168,126

NOTE 7 — LONG-TERM DEBT:

Primary government:

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
Mattawa Project:				
Note payable to USDA Rural Housing Service, payable $288 per month, including interest at 1% with final payment due July 2019; secured by the project's real estate	18,771	-	3,560	15,211
Beverly Lane Apartments:				
Note payable to USDA Rural Housing Service, payable $4,456 per month, including interest at 6.75% with final payment due June 2025; secured by the project's real estate	426,921	-	25,437	401,484
Note payable to Washington Community Reinvestment Association, payable $3,995 per month, including interest at 6.375% with final payment due July 2028; secured by the project's real estate	454,487	-	19,533	434,954
Karen Lane Apartments:				
Note payable to USDA Rural Housing Service, payable $1,458 per month, including interest at 6.75% with final payment due May 2029; secured by the project's real estate	161,526	-	6,800	154,726
Note payable to Washington Community Reinvestment Association, payable $2,899 per month, including interest at 6.375% with final payment due July 2028; secured by the project's real estate.	329,843	-	14,175	315,668
NuevaVida Apartments:				
Note payable to CTED, annual interest payments of 1%; secured by the project's real estate. Final payment of all remaining principal due April, 2053.	1,267,374	-	9,938	1,257,436
Spring Canyon Apartments:				
Note payable to CTED, annual interest payments of 1% commencing April, 2010; secured by the project's real estate. Final payment of all remaining principal due April, 2049.	2,439,416	-	-	2,439,416
Joseph Cove Apartments				
Note payable to CTED with 0% annual payments of $15,000 beginning August 2012, secured by the project's real estate, final payment due August 2050.	2,841,423	-	15,000	2,826,423
Purple Sage Apartments				
Note payable to US Bank, payable $6,541 per month including interest at 4.86%. Final payment due May, 2021.	1,075,034		24,046	1,050,988
Note payable to Washington State Housing Finance Commission with 0% interest, secured by the project's real estate. Final payment due May 2086.	2,460,121		2,805	2,457,316
Note payable - HAGC	6,500	-	6,500	-
Rose Garden Apartments				
Note payable to CTED with 0% annual payments of $5,248 beginning December 2012, secured by the project's real estate. Final payment due June 2054	215,183	-	-	215,183
Bell Hotel				
Note payable to CTED with 0% payments of $3,412 beginning September 2014, secured by the project's real estate. Final payment due June 2052.	866,867	-	6,823	860,044
Note payable to WCRA with 6.75% annual payments of $5,798 beginning September 2010, secured by the project's real estate. Final payment due September 2035.	70,933	-	1,477	69,456

NOTE 7 — LONG-TERM DEBT (continued):

Primary government (continued):

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
Larson Division:				
Note payable to Washington Trust with payments of $469 per month including interest at 6.25% secured by the project's real estate.	44,078		3,377	40,701
Note payable to Washington Trust with payments of $512 per month including interest at 6.25% secured by the project's real estate.	56,117		2,142	53,975
Note payable to Washington Trust $467 per month, including interest at 6.25% by the project's real estate.	48,932	-	1,747	47,185
Note payable to Washington State Department of Community, Trade and Economic Development (CTED), payable $10,410 annually with 0% interest; secured by the project's real estate. Final payment of all remaining principal due September 2050	385,171	-	10,410	374,761
Note payable to CTED, payable $13,107 annually with 0% interest; secured by the project's real estate. Final payment of all remaining principal due June 2050.	589,809	-	13,107	576,702
Note payable to CTED dated June 7, 2005 and bears interest at 3%. Quarterly payments of $5,018 commence on May 31, 2021. The note is due in full on February 28, 2046.	829,716	20,074	-	849,790
Note payable to CTED payable upon maturity with 0% interest. Final payment of all remaining principal due June 2045.	870,142		-	870,142
Note payable to CTED. Interest on the note is payable annually at 1% simple interest. Final payment of all remaining principal due June 2047	365,484		-	365,484
Note payable to CTED payable upon maturity with 0% interest. Final payment of all remaining principal due June 2045.	709,054		-	709,054
Developmentally Disabled Project:				
Note payable to Washington Department of Community Development, with no minimum monthly payment at 0% interest due and payable in full in December 2024	336,743	-	-	336,743
Mental Health Housing Project:				
Note payable to Washington Department of Community Development, payable $15,640 annually, including interest at 1% with final payment due December 2047	426,194		11,374	414,820
Esperanza:				
Note payable to USDA-RD at 0% interest. Payable in full in 2047.	-	311,406		311,406
Note payable to CTED, with no minimum monthly payment at 0% interest due and payable in full June 2054	789,962	1,424,862		2,214,824
Note payable to USDA-RD, at 1% interest due and payable in full in 2047	-	1,799,990		1,799,990
Note payable to CTED, with no minimum monthly payment at 0% interest due and payable in full June 2024	789,962	-	-	789,962
Total long-term debt	18,875,763	3,556,332	178,251	22,253,844

NOTE 7 — LONG-TERM DEBT (continued):

Primary government (continued):

Principal maturities of long-term obligations as of December 31, 2014 are as follows:

Years	Total Principal	Total Interest	Total
2015	177,363	148,371	325,734
2016	184,174	141,664	325,838
2017	191,417	134,531	325,948
2018	199,118	126,945	326,063
2019	205,591	118,876	324,467
2020 - 2024	7,340,451	314,857	7,655,308
2025 - 2029	760,713	59,283	819,996
2030 - 2034	378,995	10,162	389,157
2035 - 2039	359,248	6,691	365,939
2040 - 2044	362,218	3,043	365,261
2045 - 2049	5,536,147	155	5,536,302
2050 - 2054	6,558,409	-	6,558,409
2055 - 2059	-	-	-
	22,253,844	1,064,578	23,318,422

During the year ended December 31, 2014, the following changes occurred in long-term liabilities:

	Balance January 1, 2014	Additions	Reductions	Balance December 31, 2014	Due within One Year
Long term debt (notes payable)	18,875,763	3,556,332	(178,251)	22,253,844	177,363
Other long-term liabilities	340,363	-	(42,143)	298,220	-
	19,216,126	3,556,332	(220,394)	22,552,064	177,363

NOTE 7 — LONG-TERM DEBT (continued):

Component Units:

	Balance January 1, 2014	Additions	Dispositions and Transfers	Balance December 31, 2014
Baird Springs Apartments, Limited Partnership	792,884	13,811	(8,010)	798,685
Beasley Hills Apartments, Limited Partnership	929,494	33,372	(5,018)	957,848
Camas Court Limited Partnership	709,054	-	-	709,054
Capehart Wherry Apartments, Limited Partnership	3,672,880	196,931	(8,068)	3,861,743
Dawn Village Apartments LLC	1,426,225	-	(7,533)	1,418,692
Frenchman Hills Apartments, Limited Partnership	1,659,014	31,292	(13,107)	1,677,199
Jardin De Rosas, Limited Partnership	870,141	-	-	870,141
Pelican Horn, LLC	1,134,752		(44,846)	1,089,906
Pershing Apartments, Limited Partnership	950,854	13,542	(52,753)	911,643
Priest Rapids Apartments, Limited Partnership	726,081	14,031	(17,107)	723,005
Wahluke Apartments, Limited Partnership	385,171	-	(10,410)	374,761
	13,256,550	302,979	(166,852)	13,392,677

Principal maturities of long-term obligations of the component units as of December 31, 2014 are as follows:

Years	Principal	Interest	Total
2015	84,502	295,139	379,641
2016	1,075,787	291,860	1,367,647
2017	644,557	288,254	932,811
2018	1,217,136	284,392	1,501,528
2019	632,477	255,332	887,809
2020 - 2024	1,151,299	1,160,584	2,311,883
2025 - 2029	839,992	983,653	1,823,645
2030 - 2034	910,660	761,492	1,672,152
2035 - 2039	549,968	622,834	1,172,802
2040 - 2044	572,030	521,097	1,093,127
2045 - 2049	3,258,858	387,892	3,646,750
2050 - 2054	2,455,411	151,296	2,606,707
2055 - 2059	-	-	-
	13,392,677	6,003,825	19,396,502

NOTE 8 — HOUSING AUTHORITY RISK RETENTION POOL:

The Housing Authority of Grant County is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-two members in the states of Washington, Oregon, Nevada and California. Thirty-six of the ninety two members are Washington public housing entities.

New members originally contract for a three year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability coverages are written on an occurrence basis, without member deductibles. Errors & Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater E&O co-payment.) The Property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from $1,000 to $25,000. Fidelity coverage, with limits of $100,000 (with options up to $500,000) for employee dishonesty and forgery or alteration and $10,000 for theft are also provided with deductibles the same as Property.

Coverage limits for General Liability, Errors & Omissions and Property are $2,000,000 per occurrence and $2,000,000 annual aggregate. (Some members have chosen greater Property limits for higher valued properties.) Limits for Automobile Liability are $1,000,000/$1,000,000.

HARRP self insures the full layer of coverage for liability lines ($2,000,000 per occurrence and $2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains $2,000,000 and purchases $63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of $65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third party contractors.

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

NOTE 9 — CONTINGENCIES:

In connection with various Federal and State grant programs, the Housing Authority is obligated to administer related programs and spend funds in accordance with regulatory restrictions, and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the Housing Authority to refund program monies. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Housing Authority expects such amount, if any, to be immaterial.

The Housing Authority receives approximately 50% of its rental revenue in the form of subsidies from HUD and USDA Rural Housing Service. These subsidy contracts expire at various intervals and are subject to renewal by the funding agency.

As of December 31, 2014, the Housing Authority and its component units have outstanding construction contracts and other commitments totaling approximately $822,850. These commitments are primarily related to the implementation of redevelopment activities and capital projects funded by Federal, State and local financial assistance and tax credit equity contributions.

The Housing Authority is also contingently liable in connection with claims and contracts arising in the normal course of its activities. The Housing Authority's management is of the opinion that the outcome of such matters will not have a material effect on the accompanying financial statements.

The possibility exists that HUD contributions may decrease in the future. In the event such contributions were significantly reduced, the Housing Authority would need to seek other funding sources to maintain operations at current levels.

The Housing Authority assists qualifying individuals with the purchase of homes through a bank by being the guarantor on the loan if the borrower should default. The total amount outstanding at December 31, 2014, is approximately $137,763. Management believes that all loans in which the Housing Authority is the guarantor will be paid in full.

The Housing Authority has entered into agreements with Beasley Hills Apartments, L.P., Frenchman Hill Apartments, L.P., Wahluke Apartments, L.P., Priest Rapids Apartments, L.P., Baird Springs Apartments, L.P., Capehart Wherry Apartments, L.P., Camas Court L.P., Pershing Apartments, L.P., Jardin De Rosas, L.P. Dawn Village, LLC and Pelican Horn Apartments, L.L.C. whereby the Housing Authority has agreed to loan to the project partnership any funds required to fund operating deficits of the project partnership incurred during the period commencing with a breakeven date and ending on the third anniversary of the break even date. The Housing Authority has also agreed to guaranty and pay any development deficit and any downward adjustment excess amounts and any unpaid deferred development fee amount and that from the date of the agreement until the break even date the Housing Authority will pay all expense of operating and maintaining the improvements in excess of the gross collections to the extent necessary to maintain break even operations. All payments made by the guarantor to the project partnership and limited partners shall be made without any right of repayment.

In addition, The Housing Authority has agreed to guarantee the repayment of any tax credit recapture event that is triggered by the filing of a tax return claiming less credits than the amounts allowed per the agreement or as a result of an audit by the Internal Revenue Service which results in the assessment of a tax deficiency.

NOTE 10 — SUBSEQUENT EVENTS:

During January 2015 the Housing Authority of Grant County exercised its purchase option to purchase the ownership interest of the Limited Partner of the Wahluke Apartments Limited Partnership.

NOTE 11 — DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL INFORMATION:

Balance Sheet Information

	Baird Springs	Beasley Hills	Camas Court	Capehart Wherry	Dawn Village	Jardin De Rosas	Frenchman Hill	Palisades	Pelican Horn	Pershing	Priest Rapids	Wahluke Slope
Assets												
Current Assets:												
Cash and cash equivalents												
Unrestricted cash and cash equivalents	2,717	3,251	90,595	11,300	98,528	2,974	14,358	12,480	96,542	16,094	3,033	129,738
Tenant security deposits	9,500	9,295	6,276	16,960	6,475	6,850	8,474	-	8,265	8,555	8,350	7,565
Accounts receivable:												
Tenants, dwelling units and other	3,263	2,580	154	13,509	947	33	220	-	452	193	4	-
Prepaid expenses and other assets	2,995	3,120	2,573	6,034	9,508	3,518	3,320	-	4,076	3,532	3,490	3,138
Total current assets	18,475	18,246	99,598	47,803	115,458	13,375	26,372	12,480	109,335	28,374	14,877	140,441
Restricted Assets:												
Restricted investments	53,375	57,896	317,986	87,639	304,173	88,757	50,151	-	430,674	54,557	93,791	197,850
Total restricted assets	53,375	57,896	317,986	87,639	304,173	88,757	50,151	-	430,674	54,557	93,791	197,850
Noncurrent Assets:												
Land	-	-	140,200	-	121,000	225,000	59,123	-	96,100	-	-	-
Buildings	2,643,515	2,577,702	3,736,432	4,100,386	3,052,504	3,177,048	2,952,666	-	4,676,376	2,818,682	2,625,813	2,380,357
Furniture, equipment and machinery, dwelling	189,888	104,839	3,178	232,529	3,887	15,885	119,078	-	21,128	36,090	190,442	162,637
	2,833,403	2,682,541	3,879,810	4,332,915	3,177,391	3,417,933	3,130,867	-	4,793,604	2,854,772	2,816,255	2,542,994
Less accumulated depreciation	(1,163,631)	(1,318,619)	(632,535)	(1,523,590)	(615,629)	(893,707)	(1,632,456)	-	(1,008,317)	(874,039)	(1,200,422)	(1,117,097)
	1,669,772	1,363,922	3,247,275	2,809,325	2,561,762	2,524,226	1,498,411	-	3,785,287	1,980,733	1,615,833	1,425,897
Other assets	19,980	4,529	62,136	1,260	33,662	16,823	4,663	-	37,656	35,882	8,877	-
Total noncurrent assets	1,689,752	1,368,451	3,309,411	2,810,585	2,595,424	2,541,049	1,503,074	-	3,822,943	2,016,615	1,624,710	1,425,897
Total Assets	1,761,602	1,444,593	3,726,995	2,946,027	3,015,055	2,643,181	1,579,597	12,480	4,362,952	2,099,546	1,733,378	1,764,188
Liabilities and Net Assets												
Current Liabilities:												
Accounts payable	1,337	12,147	403	8,065	1,683	1,431	1,527	-	5,068	1,216	15,312	5,603
Accrued interest payable	2,597	-	-	-	-	-	-	-	-	-	3,021	-
Tenant security deposits	9,500	9,295	6,250	16,460	6,469	6,850	8,125	-	8,157	8,555	8,350	7,565
Deferred revenues	126	81	990	2,285	2,360	-	-	-	277	2,334	206	190
Accrued expenses	-	24,132	-	9,000	29,505	-	39,484	-	-	35,000	36,000	-
Current maturities of long-term debt and other	8,589	5,428	-	8,743	8,138	-	19,052	-	6,080	7,994	10,068	10,410
Total current liabilities	22,149	51,083	7,643	44,553	48,155	8,281	68,188	-	19,582	55,099	72,957	23,768
Noncurrent Liabilities:												
Long-term debt, net of current maturities	790,096	952,420	709,054	3,853,000	1,410,317	870,141	1,658,147	-	1,083,826	903,886	712,937	364,351
Other long-term liabilities	116,661	133,863	7,103	-	166,084	214,500	52,816	-	207,852	-	77,473	-
Total other non-current liabilities	906,757	1,086,283	716,157	3,853,000	1,576,401	1,084,641	1,710,963	-	1,291,678	903,886	790,410	364,351
Total liabilities	928,906	1,137,366	723,800	3,897,553	1,624,556	1,092,922	1,779,151	-	1,311,260	958,985	863,367	388,119
Net Assets:												
Invested in capital assets, net of related debt	754,426	272,211	2,531,118	(1,052,418)	977,223	1,439,585	(231,604)	-	2,487,529	1,068,853	815,355	1,051,136
Restricted	53,375	57,896	317,986	87,639	304,173	88,757	50,151	-	430,674	54,557	93,791	197,850
Unrestricted	24,895	(22,880)	154,091	13,253	109,103	21,917	(18,101)	12,480	133,489	17,151	(39,135)	127,083
Total net assets	832,696	307,227	3,003,195	(951,526)	1,390,499	1,550,259	(199,554)	12,480	3,051,692	1,140,561	870,011	1,376,069
Total liabilities and net assets	1,761,602	1,444,593	3,726,995	2,946,027	3,015,055	2,643,181	1,579,597	12,480	4,362,952	2,099,546	1,733,378	1,764,188

NOTE 11 — DISCRETELY PRESENTED COMPONENT UNITS FINANCIAL INFORMATION:

Operating Statement Information

	Baird Springs	Beasley Hills	Camas Court	Capehart Wherry	Dawn Village	Jardin De Rosas	Frenchman Hill	Palisades	Pelican Horn	Pershing	Priest Rapids	Wahluke Slope
Operating revenues:												
Tenant rentals	143,418	133,575	73,431	277,694	278,546	145,285	131,646	-	275,792	159,681	158,757	152,406
Other	7,043	8,519	85,487	18,215	5,575	3,163	2,364	-	2,824	6,266	1,651	1,162
Total operating revenues	150,461	142,094	158,918	295,909	284,121	148,448	134,010	-	278,616	165,947	160,408	153,568
Operating expenses:												
Administration	42,304	39,903	59,878	98,340	67,811	82,329	30,289	-	73,617	35,297	35,992	55,517
Tenant services	-	-	-	-	-	-	-	-	-	-	-	-
Utility services	33,952	34,644	26,675	66,569	43,679	45,024	50,687	-	21,854	33,012	34,448	35,760
Maintenance	38,860	49,163	33,012	99,752	33,033	29,241	41,398	11,458	31,464	58,138	28,980	29,139
Protective services	-	-	-	-	-	-	-	-	-	-	-	-
Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-
Other	10,846	16,043	10,406	30,618	45,042	11,526	10,018	-	18,429	11,596	10,285	13,228
Depreciation and amortization	81,742	83,427	98,053	106,988	79,394	92,943	102,045	-	123,753	85,801	83,489	64,674
Total operating expenses	207,704	223,180	228,024	402,267	268,959	261,063	234,437	11,458	269,117	223,844	193,194	198,318
Income (loss) from operations	(57,243)	(81,086)	(69,106)	(106,358)	15,162	(112,615)	(100,427)	(11,458)	9,499	(57,897)	(32,786)	(44,750)
Non-operating revenue and (expenses):												
Operating grants	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	21	79	197	115	33	58	48	-	185	102	158	356
Interest expense	(41,402)	(46,813)	(3,545)	(209,103)	(75,072)	-	(35,125)	-	(46,001)	(43,392)	(45,383)	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating revenue and expense	(41,381)	(46,734)	(3,348)	(208,988)	(75,039)	58	(35,077)	-	(45,816)	(43,290)	(45,225)	356
Contributions:												
Capital grant revenue	-	-	-	-	-	-	-	-	-	-	-	-
Partner/Member contributions	-	-	-	-	-	-	-	-	-	-	-	-
Total contributions	-	-	-	-	-	-	-	-	-	-	-	-
Transfers:												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total transfers	-	-	-	-	-	-	-	-	-	-	-	-
Change in net assets	(98,624)	(127,820)	(72,454)	(315,346)	(59,877)	(112,557)	(135,504)	(11,458)	(36,317)	(101,187)	(78,011)	(44,394)
Total net assets at beginning of year	931,320	435,047	3,075,649	(636,180)	1,450,376	1,662,816	(64,050)	23,938	3,088,009	1,241,748	948,022	1,420,463
Total net assets at end of year	832,696	307,227	3,003,195	(951,526)	1,390,499	1,550,259	(199,554)	12,480	3,051,692	1,140,561	870,011	1,376,069

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended DECEMBER 31, 2014

1	2	3	4	5			6
				Expenditures			
Federal Agency Name / Pass-Through Agency Name	**Federal Program Name**	**CFDA Number**	**Other I.D. Number**	**From Pass-Through Awards**	**From Direct Awards**	**Total**	**Foot-note Ref.**
U.S. Department of Agriculture	Rural Rental Housing Loan-Farmworker Mattawa	10.405	56-013-916000964-022		$15,486		
	Rural Rental Housing Loan-Esperanza		56-013-772065345-062		$1,799,990		
	Rural Rental Housing Grant-Esperanza		56-013-772065345-062		$311,406		
			Subtotal		$2,126,882	**$2,126,882**	
U.S. Department of Agriculture	Rural rental Housing-Beverly Lane	10.415	56-013-916000964-034		$401,484		
	Rural Rental Housing-Karen Lane		56-013-916000964		$154,726		
			Subtotal		$556,210	**$556,210**	
U.S. Department of Agriculture	Rural Rental Housing Loan Subsidy Credits-Karen lane	10.427	56-013-916000964-046		$8,406		
	Rural Rental Housing Loan Subsidy Credits-Beverly Lane		56-013-916000964		$25,265		
			Subtotal		$33,671	**$33,671**	
U.S. Department of Housing and Urban Development (HUD)	Section 8 Housing Assistance Payments Program-Special Allocations	14.195	WA19H060029-Larson AFB		$159,484		
	Section 8 Housing Assistance Payments Program-Special Allocations		WA25L000019-Spring Canyon		$75,177		
	Section 8 Housing Assistance Payments Program-Special Allocations		WA190015006-Joseph Cove		$61,967		
			Subtotal		$296,628	**$296,628**	
U.S. Department of Housing and Urban Development (HUD)/ WA State Dept of Commerce	Home Investment Partnership Program (TBRA)	14.239	13-47101-120/14-42401-120	$87,838		**$87,838**	

U.S. Department of Housing and Urban Development (HUD)	Public and Indian Housing	14.850	WA014		$433,176	**$433,176**	
U.S. Department of Housing and Urban Development (HUD)	Section 8 Housing Choice Vouchers	14.871	WA014VO		$1,181,651	**$1,181,651**	
U.S. Department of Housing and Urban Development (HUD)	Public Housing Capital Fund-2010	14.872	WA19P014501-10		$18,840		
	Public Housing Capital Fund-2012		WA19P014501-12		$146,346		
	Public Housing Capital Fund-2013		WA19P014501-13		$128,401		
	Public Housing Capital Fund-2014		WA19P014501-14		$75,174		
			Subtotal		$368,761	**$368,761**	
Total Federal Awards Expended				$87,838	$4,996,979	**$5,084,817**	

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

Grant County Housing Authority
Notes to the Schedule of Expenditures of Federal Awards
January 1, 2014 through December 31, 2014

NOTE 1-BASIS OF ACCOUNTING

The Housing Authority prepares the Schedule of Expenditures of Federal Awards on the same basis of accounting as the Housing Authority’s financial statements. The Housing Authority uses the accrual basis of accounting for all programs receiving federal financial assistance.

NOTE 2-PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program costs. Entire program costs, including the Housing Authority’s portion, may be more than shown.

HA Of Grant County (WA014)
MOSES LAKE, WA
Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 12/31/2014

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	10.415 Rural Rental Housing Loans	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.231 Emergency Shelter Grants Program	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	2 State/Local	Subtotal	Total
111 Cash - Unrestricted	$24,065				$206,854	$55,450	$481,610				$635,095	$1,403,074	$1,403,074
112 Cash - Restricted - Modernization and Development													
113 Cash - Other Restricted						$355						$355	$355
114 Cash - Tenant Security Deposits	$51,442	$15,435			$55,380		$96,565				$35,832	$254,654	$254,654
115 Cash - Restricted for Payment of Current Liabilities													
100 Total Cash	$75,507	$15,435	$0	$0	$262,234	$55,805	$578,175	$0	$0	$0	$670,927	$1,658,083	$1,658,083
121 Accounts Receivable - PHA Projects													
122 Accounts Receivable - HUD Other Projects													
124 Accounts Receivable - Other Government													
125 Accounts Receivable - Miscellaneous	$29,518				$137		$0				$92,049	$121,704	$121,704
126 Accounts Receivable - Tenants	$6,938	$3,747			$23,929		$21,355				$3,422	$59,391	$59,391
126.1 Allowance for Doubtful Accounts -Tenants	-$2,661	-$1,478			-$405		$0				-$1,035	-$5,579	-$5,579
126.2 Allowance for Doubtful Accounts - Other	$0				$0		$0				-$366	-$366	-$366
127 Notes, Loans, & Mortgages Receivable - Current													
128 Fraud Recovery													
128.1 Allowance for Doubtful Accounts - Fraud													
129 Accrued Interest Receivable													
120 Total Receivables, Net of Allowances for Doubtful Accounts	$33,795	$2,269	$0	$0	$23,661	$0	$21,355	$0	$0	$0	$94,070	$175,150	$175,150
131 Investments - Unrestricted	$330,578	$807			$8,911						$90,369	$430,665	$430,665
132 Investments - Restricted		$25,205			$352,302	$109	$1,736,849				$70,352	$2,184,817	$2,184,817
135 Investments - Restricted for Payment of Current Liability													
142 Prepaid Expenses and Other Assets	$21,854	$2,428			$8,671	$524	$45,304				$12,833	$91,614	$91,614
143 Inventories											$40,189	$40,189	$40,189
143.1 Allowance for Obsolete Inventories											-$500	-$500	-$500
144 Inter Program Due From		$8,384			$18,288							$26,672	$26,672
145 Assets Held for Sale													
150 Total Current Assets	$461,734	$54,528	$0	$0	$674,067	$56,438	$2,381,683	$0	$0	$0	$978,240	$4,606,690	$4,606,690
161 Land	$461,043	$29,985			$481,582		$641,423				$1,987,245	$3,601,278	$3,601,278
162 Buildings	$12,998,952	$1,488,462			$14,704,031		$34,741,481				$7,018,047	$70,950,973	$70,950,973
163 Furniture, Equipment & Machinery - Dwellings	$285,437	$18,255			$227,018		$1,079,581				$170,784	$1,781,075	$1,781,075
164 Furniture, Equipment & Machinery - Administration	$590,058	$60,074			$6,516	$5,319					$407,924	$1,069,891	$1,069,891
165 Leasehold Improvements	$956,402	$83,595			$16,306						$576,696	$1,632,999	$1,632,999
166 Accumulated Depreciation	-$9,317,249	-$1,156,490			-$3,726,117	-$5,319	-$11,980,042				-$5,589,132	-$31,774,349	-$31,774,349
167 Construction in Progress	$819,640										$3,975,737	$4,795,377	$4,795,377
168 Infrastructure													
160 Total Capital Assets, Net of Accumulated Depreciation	$6,794,283	$523,881	$0	$0	$11,709,336	$0	$24,482,443	$0	$0	$0	$8,547,301	$52,057,244	$52,057,244
171 Notes, Loans and Mortgages Receivable - Non-Current	$82,209										$12,612,322	$12,694,531	$12,694,531
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due													
173 Grants Receivable - Non Current													
174 Other Assets							$225,468				$4,840	$230,308	$230,308
176 Investments in Joint Ventures											$9,288	$9,288	$9,288
180 Total Non-Current Assets	$6,876,492	$523,881	$0	$0	$11,709,336	$0	$24,707,911	$0	$0	$0	$21,173,751	$64,991,371	$64,991,371
200 Deferred Outflow of Resources													
290 Total Assets and Deferred Outflow of Resources	$7,338,226	$578,409	$0	$0	$12,383,403	$56,438	$27,089,594	$0	$0	$0	$22,151,991	$69,598,061	$69,598,061
311 Bank Overdraft						$889						$889	$889
312 Accounts Payable <= 90 Days	$33,733	$8,985			$30,357		$53,790				$606,056	$732,921	$732,921
313 Accounts Payable >90 Days Past Due													

321 Accrued Wage/Payroll Taxes Payable													
322 Accrued Compensated Absences - Current Portion	$15,056	$3,034			$929	$2,783					$33,392	$55,194	$55,194
324 Accrued Contingency Liability													
325 Accrued Interest Payable					$25,704		$5,618				$16,381	$47,703	$47,703
331 Accounts Payable - HUD PHA Programs						$0						$0	$0
332 Account Payable - PHA Projects													
333 Accounts Payable - Other Government													
341 Tenant Security Deposits	$50,066	$14,116			$54,910		$95,576				$38,024	$252,692	$252,692
342 Unearned Revenue	$10,828				$9,162	$1,395	$8,849				$69,157	$99,391	$99,391
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					$135,492		$84,502				$41,871	$261,865	$261,865
344 Current Portion of Long-term Debt - Operating Borrowings													
345 Other Current Liabilities													
346 Accrued Liabilities - Other							$173,121					$173,121	$173,121
347 Inter Program - Due To											$26,672	$26,672	$26,672
348 Loan Liability - Current													
310 Total Current Liabilities	$109,683	$26,135	$0	$0	$256,554	$5,067	$421,456	$0	$0	$0	$831,553	$1,650,448	$1,650,448
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					$12,362,813		$13,308,175				$6,342,496	$32,013,484	$32,013,484
352 Long-term Debt, Net of Current - Operating Borrowings													
353 Non-current Liabilities - Other	$82,209					$355	$976,352				$102,725	$1,161,641	$1,161,641
354 Accrued Compensated Absences - Non Current	$50,496	$11,017			$2,546	$3,953					$44,919	$112,931	$112,931
355 Loan Liability - Non Current											$3,371,172	$3,371,172	$3,371,172
356 FASB 5 Liabilities													
357 Accrued Pension and OPEB Liabilities													
350 Total Non-Current Liabilities	$132,705	$11,017	$0	$0	$12,365,359	$4,308	$14,284,527	$0	$0	$0	$9,861,312	$36,659,228	$36,659,228
300 Total Liabilities	$242,388	$37,152	$0	$0	$12,621,913	$9,375	$14,705,983	$0	$0	$0	$10,692,865	$38,309,676	$38,309,676
400 Deferred Inflow of Resources													
508.4 Net Investment in Capital Assets	$6,794,283	$523,881		$0	-$788,969		$10,113,414	$0	$0	$0	$2,176,041	$18,818,650	$18,818,650
511.4 Restricted Net Position	$0	$25,205		$0	$352,302	$464	$1,736,849	$0	$0	$0	$70,352	$2,185,172	$2,185,172
512.4 Unrestricted Net Position	$301,555	-$7,829	$0	$0	$198,157	$46,599	$533,348	$0	$0	$0	$9,212,733	$10,284,563	$10,284,563
513 Total Equity - Net Assets / Position	$7,095,838	$541,257	$0	$0	-$238,510	$47,063	$12,383,611	$0	$0	$0	$11,459,126	$31,288,385	$31,288,385
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$7,338,226	$578,409	$0	$0	$12,383,403	$56,438	$27,089,594	$0	$0	$0	$22,151,991	$69,598,061	$69,598,061

HA Of Grant County (WA014)
MOSES LAKE, WA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 12/31/2014

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	10.415 Rural Rental Housing Loans	14.257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	14.231 Emergency Shelter Grants Program	14.885 Formula Capital Fund Stimulus Grant	14.239 HOME Investment Partnerships Program	2 State/Local	Subtotal	Total
70300 Net Tenant Rental Revenue	$747,308	$120,786	$0	$0	$736,964		$1,930,231				$813,888	$4,349,177	$4,349,177
70400 Tenant Revenue - Other	$48,135	$11,163			$28,034		$142,269				$173,310	$402,911	$402,911
70500 Total Tenant Revenue	$795,443	$131,949	$0	$0	$764,998	$0	$2,072,500	$0	$0	$0	$987,198	$4,752,088	$4,752,088
70600 HUD PHA Operating Grants	$433,176	$174,653			$391,799	$1,200,281					$510,133	$2,710,042	$2,710,042
70610 Capital Grants	$368,761	$0										$368,761	$368,761
70710 Management Fee													
70720 Asset Management Fee													
70730 Book Keeping Fee													
70740 Front Line Service Fee													
70750 Other Fees													
70700 Total Fee Revenue													
70800 Other Government Grants													
71100 Investment Income - Unrestricted	$7,547	$16			$172		$271				$132,532	$140,538	$140,538
71200 Mortgage Interest Income					$228						$532	$760	$760
71300 Proceeds from Disposition of Assets Held for Sale													
71310 Cost of Sale of Assets													
71400 Fraud Recovery													
71500 Other Revenue	$55,162	$243				$5,168					$582,932	$643,505	$643,505
71600 Gain or Loss on Sale of Capital Assets													
72000 Investment Income - Restricted		$1			$3	$2	$1,083				$12	$1,101	$1,101
70000 Total Revenue	$1,660,089	$306,862	$0	$0	$1,157,200	$1,205,451	$2,073,854	$0	$0	$0	$2,213,339	$8,616,795	$8,616,795
91100 Administrative Salaries	$245,080	$65,681			$24,251	$54,869					$475,897	$865,778	$865,778
91200 Auditing Fees	$12,277	$3,037			$1,018	$1,221					$7,608	$25,161	$25,161
91300 Management Fee							$39,981					$39,981	$39,981
91310 Book-keeping Fee	$7,079	$1,749			$603	$753					$6,318	$16,502	$16,502
91400 Advertising and Marketing	$3,023	$579			$149	$179					$4,483	$8,413	$8,413
91500 Employee Benefit contributions - Administrative	$104,851	$28,412			$9,730	$27,750					$183,043	$353,786	$353,786
91600 Office Expenses	$46,806	$11,487			$305,240	$11,671	$581,296				$67,433	$1,023,933	$1,023,933
91700 Legal Expense	$9,307										$12,815	$22,122	$22,122
91800 Travel	$1,250				$72						$8,815	$10,137	$10,137
91810 Allocated Overhead													
91900 Other	$35,544	$6,903			$1,814	$1,770					$40,457	$86,488	$86,488
91000 Total Operating - Administrative	$465,217	$117,848	$0	$0	$342,877	$98,213	$621,277	$0	$0	$0	$806,869	$2,452,301	$2,452,301
92000 Asset Management Fee													
92100 Tenant Services - Salaries													
92200 Relocation Costs													
92300 Employee Benefit Contributions - Tenant Services													
92400 Tenant Services - Other													
92500 Total Tenant Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
93100 Water	$130,132	$38,853			$10,382						$109,766	$289,133	$289,133
93200 Electricity	$23,047	$648			$486						$47,565	$71,746	$71,746
93300 Gas													
93400 Fuel													
93500 Labor													
93600 Sewer	$95,215	$21,440			$6,800						$64,127	$187,582	$187,582
93700 Employee Benefit Contributions - Utilities													
93800 Other Utilities Expense	$66,531	$7,416			$201,543		$426,304				$40,071	$741,865	$741,865
93000 Total Utilities	$314,925	$68,357	$0	$0	$219,211	$0	$426,304	$0	$0	$0	$261,529	$1,290,326	$1,290,326

94100 Ordinary Maintenance and Operations - Labor	$219,121	$49,582			$270,432		$483,638				$213,079	$1,235,852	$1,235,852
94200 Ordinary Maintenance and Operations - Materials and Other	$84,140	$10,620			$9,192	$194					$124,356	$228,502	$228,502
94300 Ordinary Maintenance and Operations Contracts	$29,246	$7,981			$427	$4,550					$42,021	$84,225	$84,225
94500 Employee Benefit Contributions - Ordinary Maintenance	$97,074	$19,709			$6,146						$93,514	$216,443	$216,443
94000 Total Maintenance	$429,581	$87,892	$0	$0	$286,197	$4,744	$483,638	$0	$0	$0	$472,970	$1,765,022	$1,765,022
95100 Protective Services - Labor													
95200 Protective Services - Other Contract Costs	$1,711	$2,481									$4,422	$8,614	$8,614
95300 Protective Services - Other													
95500 Employee Benefit Contributions - Protective Services													
95000 Total Protective Services	$1,711	$2,481	$0	$0	$0	$0	$0	$0	$0	$0	$4,422	$8,614	$8,614
96110 Property Insurance	$39,023	$6,607			$22,884	$1,422	$105,376				$27,201	$202,513	$202,513
96120 Liability Insurance													
96130 Workmen's Compensation													
96140 All Other Insurance													
96100 Total insurance Premiums	$39,023	$6,607	$0	$0	$22,884	$1,422	$105,376	$0	$0	$0	$27,201	$202,513	$202,513
96200 Other General Expenses		$5			$0		$82,664				$15,441	$98,110	$98,110
96210 Compensated Absences													
96300 Payments in Lieu of Taxes	$120				$1,384						$1,610	$3,114	$3,114
96400 Bad debt - Tenant Rents	$19,103	$8,093			$31						$12,936	$40,163	$40,163
96500 Bad debt - Mortgages													
96600 Bad debt - Other													
96800 Severance Expense													
96000 Total Other General Expenses	$19,223	$8,098	$0	$0	$1,415	$0	$82,664	$0	$0	$0	$29,987	$141,387	$141,387
96710 Interest of Mortgage (or Bonds) Payable					$137,542		$545,836					$683,378	$683,378
96720 Interest on Notes Payable (Short and Long Term)					$75							$75	$75
96730 Amortization of Bond Issue Costs													
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$137,617	$0	$545,836	$0	$0	$0	$0	$683,453	$683,453
96900 Total Operating Expenses	$1,269,680	$291,283	$0	$0	$1,010,201	$104,379	$2,265,095	$0	$0	$0	$1,602,978	$6,543,616	$6,543,616
97000 Excess of Operating Revenue over Operating Expenses	$390,409	$15,579	$0	$0	$146,999	$1,101,072	-$191,241	$0	$0	$0	$610,361	$2,073,179	$2,073,179
97100 Extraordinary Maintenance													
97200 Casualty Losses - Non-capitalized													
97300 Housing Assistance Payments						$1,079,071					$333,570	$1,412,641	$1,412,641
97350 HAP Portability-In													
97400 Depreciation Expense	$460,323	$52,508			$513,956		$1,002,306				$296,500	$2,325,593	$2,325,593
97500 Fraud Losses													
97600 Capital Outlays - Governmental Funds													
97700 Debt Principal Payment - Governmental Funds													
97800 Dwelling Units Rent Expense													
90000 Total Expenses	$1,730,003	$343,791	$0	$0	$1,524,157	$1,183,450	$3,267,401	$0	$0	$0	$2,233,048	$10,281,850	$10,281,850
10010 Operating Transfer In													
10020 Operating transfer Out													
10030 Operating Transfers from/to Primary Government					-$149,831	$14,956					$134,875	$0	$0
10040 Operating Transfers from/to Component Unit													
10050 Proceeds from Notes, Loans and Bonds													
10060 Proceeds from Property Sales													
10070 Extraordinary Items, Net Gain/Loss													
10080 Special Items (Net Gain/Loss)													
10091 Inter Project Excess Cash Transfer In													
10092 Inter Project Excess Cash Transfer Out													
10093 Transfers between Program and Project - In	$711,838											$711,838	$711,838
10094 Transfers between Project and Program - Out	-$711,838											-$711,838	-$711,838
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	-$149,831	$14,956	$0	$0	$0	$0	$134,875	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$69,914	-$36,929	$0	$0	-$516,788	$36,957	-$1,193,547	$0	$0	$0	$115,166	-$1,665,055	-$1,665,055

11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$149,602	$0	$76,177	$0	$0	$0	$39,977	$265,756	$265,756
11030 Beginning Equity	$7,165,752	$578,186	$0	$0	$278,278	$10,106	$13,577,158	$0	$0	$0	$11,343,960	$32,953,440	$32,953,440
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors						$0						$0	$0
11050 Changes in Compensated Absence Balance													
11060 Changes in Contingent Liability Balance													
11070 Changes in Unrecognized Pension Transition Liability													
11080 Changes in Special Term/Severance Benefits Liability													
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents													
11100 Changes in Allowance for Doubtful Accounts - Other													
11170 Administrative Fee Equity						-$113,057						-$113,057	-$113,057
11180 Housing Assistance Payments Equity						$160,120						$160,120	$160,120
11190 Unit Months Available	2604	960			900	2844	3768				2824	13900	13900
11210 Number of Unit Months Leased	2555	943			868	2832	3620				2568	13386	13386
11270 Excess Cash	$224,391											$224,391	$224,391
11610 Land Purchases	$0											$0	$0
11620 Building Purchases	$368,761											$368,761	$368,761
11630 Furniture & Equipment - Dwelling Purchases	$0											$0	$0
11640 Furniture & Equipment - Administrative Purchases	$0											$0	$0
11650 Leasehold Improvements Purchases	$0											$0	$0
11660 Infrastructure Purchases	$0											$0	$0
13510 CFFP Debt Service Payments	$0											$0	$0
13901 Replacement Housing Factor Funds	$0											$0	$0

Actual Modernization Cost Certificate

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0044 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public Reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (0044 and 1057), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a currently valid OMB control number. Do not send this form to the above address.
This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name:	Modernization Project Number:
HOUSING AUTHORITY OF GRANT COUNTY	WAP014501-10

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	359,398.00
B. Funds Disbursed	359,398.00
C. Funds Expended (Actual Modernization Cost)	359,398.00
D. Amount to be Recaptured (A-C)	$0.00
E. Excess of Funds Disbursed (B-C)	$0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-mens' liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:	Date:
X Carol Anderson Carol Anderson, Executive Director	8/14/2014

For HUD Use Only

The Cost Certificate is approved for audit: Approved for Audit (Director, Office of Public Housing / ONAP Administrator) X [signature]	Date: 09.03.2014
The audited costs agree with the costs shown above: Verified: (Designated HUD Official) X	Date:
Approved: (Director, Office of Public Housing / ONAP Administrator) X	Date:

facsimile form HUD-53001 (10/96)
ref. Handbooks 7475.1 & .3

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

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