



Washington State Auditor's Office

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Financial Statements and Federal Single Audit Report

Housing Authority of Okanogan County

For the period January 1, 2015 through December 31, 2015

Published September 30, 2016

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Report No. 1017637





Washington State Auditor's Office

November 14, 2016

Board of Commissioners
Housing Authority of Okanogan County
Okanogan, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Housing Authority of Okanogan 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 KELLEY
STATE AUDITOR
OLYMPIA, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of Okanogan County January 1, 2015 through December 31, 2015

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Housing Authority of Okanogan County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
14.871	Housing Voucher Cluster – Section 8 Housing Choice Vouchers
14.879	Housing Voucher Cluster – Mainstream Vouchers

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The Housing Authority qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

**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 Okanogan County
January 1, 2015 through December 31, 2015**

Board of Commissioners
Housing Authority of Okanogan County
Okanogan, 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 Housing Authority of Okanogan County, Washington, as of and for the year ended December 31, 2015, 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 September 22, 2016. As discussed in Note 14 to the financial statements, during the year ended December 31, 2015, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

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 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.

In addition, we noted certain matters that we have reported to the management of the Housing Authority in a separate letter dated September 22, 2016.

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 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.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized 'T' and 'K'.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 22, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**Housing Authority of Okanogan County
January 1, 2015 through December 31, 2015**

Board of Commissioners
Housing Authority of Okanogan County
Okanogan, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the Housing Authority of Okanogan County, Okanogan County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2015. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

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 the Uniform Guidance, 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 the Uniform Guidance. 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

September 22, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of Okanogan County January 1, 2015 through December 31, 2015

Board of Commissioners
Housing Authority of Okanogan County
Okanogan, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Housing Authority of Okanogan County, Washington, as of and for the year ended December 31, 2015, 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 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.

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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Okanogan County, as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 14 to the financial statements, in 2015, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

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 25 and pension plan information on pages 49 through 50 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.

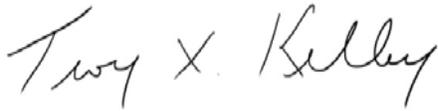
Supplementary and Other Information

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 Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Financial Data Schedule is 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. In our opinion, 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 September 22, 2016 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.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

September 22, 2016

FINANCIAL SECTION

Housing Authority of Okanogan County January 1, 2015 through December 31, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015

Statement of Revenues, Expenses and Changes in Net Position – 2015

Statement of Cash Flows – 2015

Notes to Basic Financial Statements – 2015

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net Pension Liability – 2015

Schedule of Employer Contributions – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2015

Notes to Schedule of Expenditures of Federal Awards – 2015

Financial Data Schedules – 2015

Housing Authority of Okanogan County

Management's Discussion and Analysis

December 31, 2015

This narrative overview and analysis of the Housing Authority of Okanogan County's (HAOC) performance for the year ended December 31, 2015 is provided as a supplement to HAOC's year-end financial statements. Please read it in conjunction with the basic financial statements following this section, and the notes to the basic financial statements. The management's discussion and analysis is presented in conformance with the Government Accounting Standards Board (GASB) financial reporting model as set forth in GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

As required under U.S. generally accepted accounting principles, HAOC uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation, are recognized in the period in which they are incurred. All assets and liabilities associated with the operations of HAOC are included in the statements of net position.

FINANCIAL HIGHLIGHTS

- Net position of HAOC decreased by approximately \$265 thousand from 2014 to 2015. This is a result of expenses exceeding revenues by this amount, largely due to a reduction of funding from HUD.
- As of December 31, 2015, the liabilities and deferred inflows of resources of HAOC exceeded assets and deferred outflows of resources by approximately \$217 thousand (net position). Of this amount, \$255 thousand is restricted as to its allowable usage.
- Current and noncurrent liabilities increased by approximately \$100 thousand from 2014. The changes are due to fluctuations in the timing of due dates, subsequent payments of liabilities, and debt payments made.
- Operating revenues increased by approximately \$44 thousand (4%) in comparison to prior year primarily due to increases in federal funding (intergovernmental revenue).
- Nonoperating revenues, net of nonoperating expenses decreased by approximately \$24 thousand (4%) from 2014, primarily related to a decrease in federal funding.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to HAOC's basic financial statements. HAOC's basic financial statements are comprised of two components: 1) the basic financial statements and 2) notes to the basic financial statements that provide additional disclosure of some of the information in the basic financial statements.

The **Statement of Net Position** presents information on HAOC's assets and liabilities with the difference between the two reported as net position. Assets and liabilities are presented in the order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent." Over time, increases or decreases in net position may serve as useful indicators as to whether HAOC's financial health is improving or deteriorating.

Housing Authority of Okanogan County
Management's Discussion and Analysis
December 31, 2015

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how HAOC's net position changed during the year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

The **Statement of Cash Flows** reports how HAOC's cash and cash equivalents were used and provided by its operating, noncapital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances at December 31, 2015 and 2014. HAOC uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating loss. This statement provides answers to such questions as where did cash come from, how was cash used, and what was the change in the cash balance during the year.

Notes to the Basic Financial Statements provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to a comprehensive understanding of the information provided in the basic financial statements.

FINANCIAL ANALYSIS

Net Position

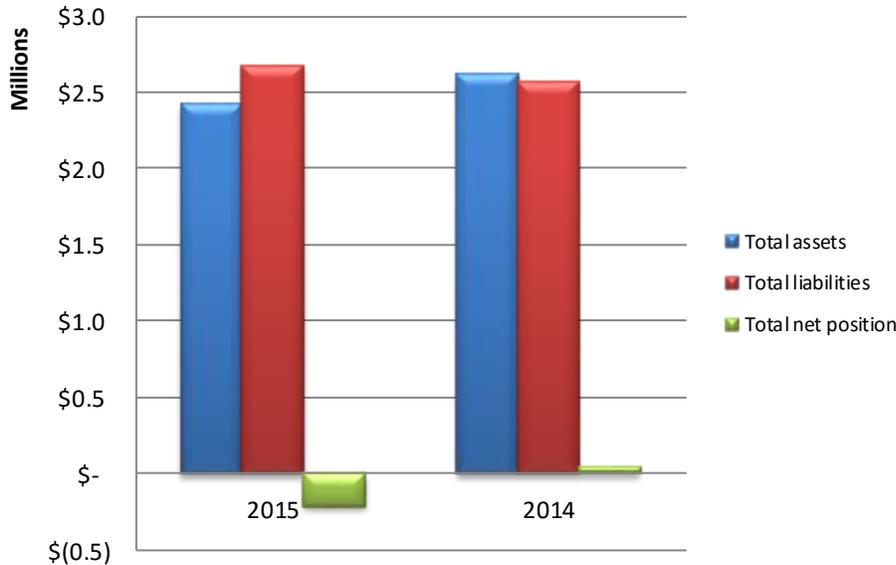
The following table represents the condensed Statement of Net Position compared to the prior year:

	December 31, 2015	December 31, 2014
Current assets, unrestricted	\$ 223,276	\$ 262,279
Other current assets, restricted	289,803	454,202
Capital assets, net	1,905,855	1,906,240
Total assets	<u>2,418,934</u>	<u>2,622,721</u>
Deferred outflow of resources	52,995	6,133
Total assets and deferred outflow of resources	<u>\$ 2,471,929</u>	<u>\$ 2,628,854</u>
Current and other liabilities	\$ 86,726	\$ 70,127
Current liabilities payable from restricted assets	23,517	23,277
Long-term liabilities	2,559,688	2,476,859
Total liabilities	<u>2,669,931</u>	<u>2,570,263</u>
Deferred inflow of resources	18,769	10,502
Net position		
Invested in capital assets, net of related debt	(543,354)	(563,726)
Restricted	254,948	389,464
Unrestricted	71,635	222,351
Total net position	<u>(216,771)</u>	<u>48,089</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 2,471,929</u>	<u>\$ 2,628,854</u>

Housing Authority of Okanogan County
Management’s Discussion and Analysis
December 31, 2015

Total assets and deferred outflow of resources of HAOC at December 31, 2015 and 2014 amounted to \$2,471,929 and \$2,628,854, respectively. The following presents the Statement of Net Position in graphical form:

Statements of Net Position



Unrestricted current assets are comprised of cash and cash equivalents, receivables, investments, and prepaid items. Unrestricted current assets are approximately 15% lower at December 31, 2015 than December 31, 2014, which represents a decrease of approximately \$39 thousand, related to minor increases in current operating assets.

Restricted current assets are comprised of cash and investments that are restricted for repayment of security deposits and other contractual obligations related to federal funding that was unspent at the end of the year. In 2015 restricted current assets decreased by approximately \$164 thousand. This decrease relates to the U.S. Department of Housing and Urban Development (HUD)’s recouping prior year HAP & Unearned Admin funds due to that 2012 Federal takeback.

Capital assets include land, buildings, furniture, equipment and machinery, and construction in progress and are shown net of accumulated depreciation. Capital assets slightly decreased by approximately \$400. The decrease is primarily attributed to approximately \$118 thousand of depreciation, which offset by some current year additions.

Total liabilities of HAOC, which are segregated between current and noncurrent portions, amounted to \$2,669,931 and \$2,570,263 at December 31, 2015 and 2014, respectively.

Current and other liabilities consist of accounts payable, accrued wages and payroll taxes, compensated absences, accrued interest, and current portion of notes payable. Current liabilities increased approximately \$17 thousand, a 24% increase. The fluctuations are primarily a result of the timing of payments to vendors.

Housing Authority of Okanogan County

Management's Discussion and Analysis

December 31, 2015

Current liabilities payable from restricted assets primarily consist of tenant security deposits and restricted, unspent funds from the federal government. These liabilities reflected an increase from 2014 to 2015 of approximately \$200, a 1% increase. These fluctuations are attributed to the timing of the receipt and subsequent disbursement of federal funds.

Long-term liabilities consist of notes payable, pension liabilities, and the long-term portion of compensated absences. Increases in long-term liabilities were approximately \$83 thousand from 2014 to 2015, and are attributed to the pension liability, which is offset by repayments of long-term debt.

Net Position represents the equity of HAOC after liabilities are subtracted from assets. Net Position is divided into three major categories. The first category, invested in capital assets, net of related debt, shows HAOC's equity in land, buildings, furniture, equipment and machinery, and construction in progress, net of related outstanding debt. The second category, restricted Net Position, has external limitations on the way in which these assets can be used. The last category, unrestricted net position, is available to be used for any lawful and prudent HAOC purpose.

Total net position of HAOC decreased by approximately \$265 thousand from 2014 to 2015.

HAOC's current ratio reflects the relationship between current assets and current liabilities and is a measure of HAOC's ability to pay short-term obligations. At December 31, 2015 and 2014, HAOC's current ratio was 4.65 and 7.7, respectively.

Revenues, Expenses and Changes in Net position

The following table compares the revenues and expenses for the current and previous fiscal years:

Housing Authority of Okanogan County
Management's Discussion and Analysis
December 31, 2015

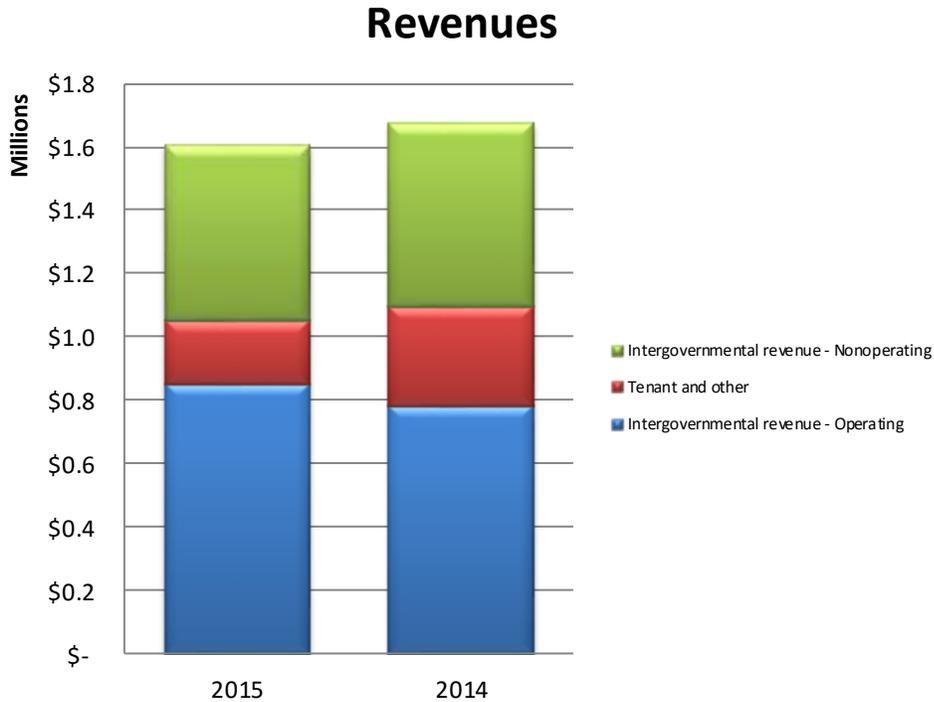
	Years Ended	
	December 31, 2015	December 31, 2014
Revenue:		
Intergovernmental revenue - Operating	\$ 852,695	\$ 782,780
Tenant and other	201,819	314,822
Intergovernmental revenue - Nonoperating	550,520	574,785
Investment revenue	450	517
Total revenue	<u>1,605,484</u>	<u>1,672,904</u>
Expenses:		
Administration	334,500	316,564
Utilities	72,137	69,031
Ordinary maintenance and operation	78,462	63,691
General expenses	26,940	10,007
Housing assistance payments	1,211,613	1,222,527
Depreciation	117,658	120,712
Interest expense	29,035	29,920
Total expenses	<u>1,870,345</u>	<u>1,832,452</u>
Decrease in net position	(264,861)	(159,548)
Net position, beginning of year, as restated	48,090	207,638
Net position end of year	<u>\$ (216,771)</u>	<u>\$ 48,090</u>

Housing Authority of Okanogan County

Management's Discussion and Analysis

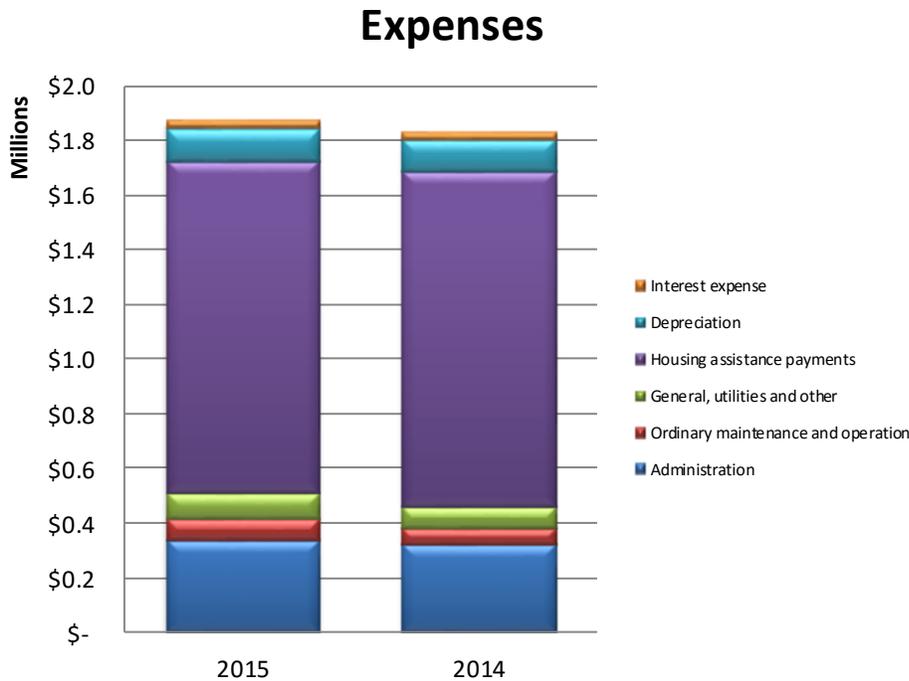
December 31, 2015

The following compares the revenues for the current and previous years in graphical format:
In 2015 revenues decreased by approximately 4% due to a decrease in operating revenues.



**Housing Authority of Okanogan County
Management’s Discussion and Analysis
December 31, 2015**

The following compares the expenses for the current and previous years in graphical format:



Total expenses increased by approximately 4% from 2014 to 2015.

Administrative expenses in 2015 increased by approximately \$46 thousand (16%) from 2014. This is predominantly due to HAOC’s pension expenses. Utilities increased by approximately 4% (approximately \$3 thousand) in 2015 compared to 2014. Ordinary maintenance and operation expenses increased by approximately 23% (approximately \$15 thousand) in 2015 compared to 2014. Housing assistance payments decreased by approximately 1% (approximately \$11 thousand). The overall changes were attributed to budget changes and fluctuations in costs of doing business.

Capital Assets and Debt Administration

HAOC’s capital assets are summarized in the table below:

	December 31, 2015	December 31, 2014
Land	\$ 201,463	\$ 201,463
Construction in progress	163	-
Buildings	1,660,489	1,644,234
Furniture, equipment & machinery - dwellings	64,999	64,998
Furniture, equipment & machinery - administration	20,912	20,912
Leasehold improvements	1,184,851	1,083,997
Total capital assets	<u>3,132,877</u>	<u>3,015,604</u>
Less accumulated depreciation	<u>(1,227,022)</u>	<u>(1,109,364)</u>
Net capital assets	<u>\$ 1,905,855</u>	<u>\$ 1,906,240</u>

Housing Authority of Okanogan County

Management's Discussion and Analysis

December 31, 2015

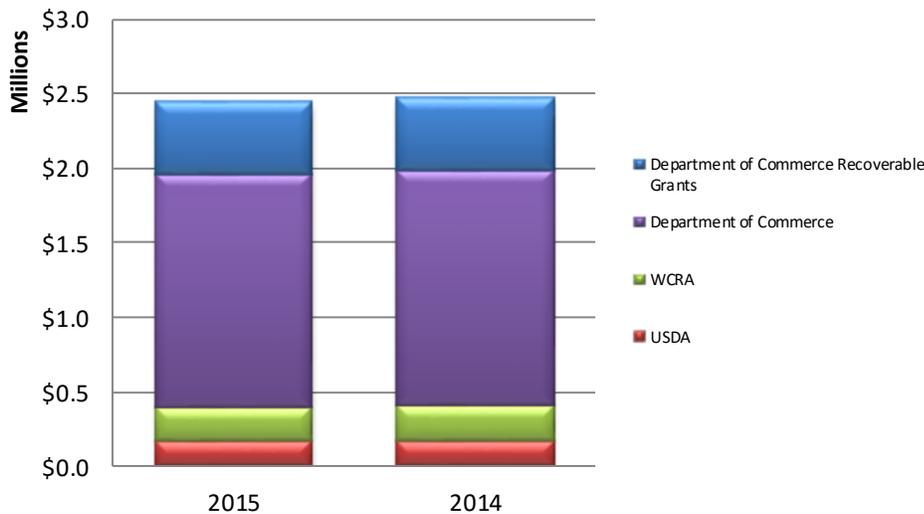
Capital assets increased by approximately \$117 thousand from 2014 to 2015. In 2015, approximately \$118 thousand of depreciation expense was recognized, resulting in a decrease in net capital assets of approximately \$400.

Additional information on HAOC's capital assets can be found in Note 5 to the basic financial statements.

HAOC's outstanding long-term debt is summarized in the table and graph below:

	December 31, 2015	December 31, 2014
Real Estate Mortgages:		
U.S. Department of Agriculture - Twisp Gardens	\$ 172,078	\$ 173,166
Washington Community Reinvestment Associates:		
Caribou Trail	229,111	240,008
Department of Commerce - Caribou Trail	470,000	475,000
Department of Commerce - Twisp Gardens	123,662	127,434
Department of Commerce - IronStraw Farmworker	967,836	967,836
Department of Commerce - Recoverable Grant:		
Twisp Gardens	467,799	467,799
IronStraw Farmworker	18,723	18,723
	<u>\$ 2,449,209</u>	<u>\$ 2,469,966</u>

Long-term Debt



All debt service payments were made in 2015 as scheduled. Additional information on HAOC's long-term debt can be found in Note 6 to the basic financial statements.

ECONOMIC FACTORS AFFECTING HAOC'S FUTURE

The majority of HAOC's funding is from federal agencies in the form of rental assistance programs. Housing authorities across the country continue to be impacted by continued decline in federal support for housing. Based on HUD's funding letters and contracts, it is anticipated that most HUD programs will continue to receive renewal funding including the Housing Choice and Mainstream Voucher programs, which are HAOC's largest housing program, serving over 240 families.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of HAOC's finances and to demonstrate HAOC's financial accountability over its resources. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Nancy Nash-Mendez
Executive Director

Phone:
409-422-3721

Address:
PO Box 1306
Okanogan, Washington 98840

Housing Authority of Okanogan County
Statement of Net Position
December 31, 2015

Assets

Current Assets:

Cash - unrestricted	\$ 199,350
Receivables - tenants, net of allowance	2,498
Receivables - other, net of allowance	19,900
Prepaid expenses and other assets	1,528
	<u>223,276</u>

Restricted Current Assets:

Cash - other restricted	136,663
Cash - tenant security deposits	23,336
Investments - restricted	129,804
	<u>289,803</u>
Total current assets	<u>513,079</u>

Noncurrent Assets:

Capital assets:

Land	201,463
Buildings	1,660,489
Furniture, equipment and machinery - dwellings	64,999
Furniture, equipment and machinery - administration	20,912
Leasehold improvements	1,184,851
Accumulated depreciation	(1,227,022)
Construction in progress	163
Total noncurrent assets	<u>1,905,855</u>
Total assets	<u>\$ 2,418,934</u>

Deferred Outflow of Resources

Deferred outflow of resources related to pensions	52,995
Total deferred outflow of resources	<u>\$ 52,995</u>

See accompanying notes to financial statements

Housing Authority of Okanogan County
Statement of Net Position
December 31, 2015

Liabilities and Net Position

<i>Current Liabilities:</i>	
Accounts payable	\$ 13,152
Accrued wages and payroll taxes payable	5,823
Accrued compensated absences - current portion	16,758
Unearned revenue	29,284
Current portion of long term debt	21,709
	<u>86,726</u>
<i>Payables from Restricted Assets</i>	
Tenant security deposits	23,517
	<u>23,517</u>
Total current liabilities	<u>110,243</u>
<i>Noncurrent Liabilities:</i>	
Long-term debt, net of current - capital projects mortgage revenue bonds	2,427,500
Net pension liability	121,714
Accrued compensated absences, net of current	10,474
Total noncurrent liabilities	<u>2,559,688</u>
Total liabilities	<u>\$ 2,669,931</u>
<i>Deferred Inflow of Resources</i>	
Deferred inflow of resources related to pensions	18,769
Total deferred inflow of resources	<u>\$ 18,769</u>
<i>Net Position:</i>	
Invested in capital assets, net of related debt	(543,354)
Temporarily restricted net position	254,948
Unrestricted net position	71,635
Total net position	<u>(216,771)</u>
Total net position	<u>\$ (216,771)</u>

See accompanying notes to financial statements

Housing Authority of Okanogan County
Statement of Revenues, Expenses and Changes in Net position
Year Ended December 31, 2015

<i>Operating Revenue:</i>	
Intergovernmental revenue	\$ 852,695
Net tenant rental revenue	187,176
Other revenue	8,433
Other tenant revenue	6,210
Total operating revenue	<u>1,054,514</u>
<i>Operating Expenses:</i>	
<i>Administrative:</i>	
Administrative wages	158,642
Auditing fees	17,679
Employee benefit contributions	73,588
Outside management fees	-
Other operating - administrative	76,331
Tenant services	8,260
	<u>334,500</u>
<i>Utilities:</i>	
Electricity	5,871
Other utilities expense	18,764
Sewer	24,426
Water	23,076
	<u>72,137</u>
<i>Ordinary maintenance and operations:</i>	
Contract costs	32,291
Maintenance and operations wages	25,129
Materials and other	21,042
	<u>78,462</u>
<i>General expenses:</i>	
Depreciation expense	117,658
Housing assistance payments	1,211,613
Insurance premiums	9,176
Collection losses	6,196
Other general expenses	11,568
	<u>1,356,211</u>
Total operating expenses	<u>1,841,310</u>
<i>Operating Loss</i>	\$ (786,796)

See accompanying notes to financial statements

Housing Authority of Okanogan County
Statement of Revenues, Expenses and Changes in Net position
Year Ended December 31, 2015

<i>Operating Loss</i>	<u>\$ (786,796)</u>
<i>Nonoperating Revenue (Expenses):</i>	
Interest expense	(29,035)
Intergovernmental revenue	550,520
Investment revenue - restricted	397
Investment revenue - unrestricted	53
Total nonoperating revenue	<u>521,935</u>
<i>Total Change in Net Position</i>	(264,861)
<i>Net Position, Beginning of Year</i>	76,140
<i>Prior Period Adjustment, Change in Accounting Method</i>	(28,050)
<i>Net Position, End of Year</i>	<u><u>\$ (216,771)</u></u>

See accompanying notes to financial statements

Housing Authority of Okanogan County
Statement of Cash Flows
Year Ended December 31, 2015

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Receipts from tenants and others	\$ 197,939
Housing assistance receipts	852,695
Payments to employees	(182,884)
Payments to vendors and suppliers	(1,457,685)
Net cash used in operating activities	<u>(589,935)</u>

Cash Flows from Noncapital Financing Activities:

Intergovernmental grants and contracts	<u>550,520</u>
Net cash provided by noncapital financing activities	<u>550,520</u>

Cash Flows from Capital and Related Financing Activities:

Purchase of capital assets	(117,273)
Principal payments on long-term debt	(20,757)
Interest paid	(29,035)
Net cash used in capital and related financing activities	<u>(167,065)</u>

Cash Flows from Investing Activities:

Interest received	<u>450</u>
Net cash provided by investing activities	<u>450</u>

Net Decrease in Cash and Cash Equivalents (206,030)

Cash and Cash Equivalents, Beginning of Year 695,183

Cash and Cash Equivalents, End of Year \$ 489,153

Cash and Cash Equivalents consist of:

Cash - unrestricted	\$ 199,350
Cash - restricted	136,663
Tenant security deposits	23,336
Investments - restricted	<u>129,804</u>
	<u>\$ 489,153</u>

See accompanying notes to financial statements

Reconciliation of Operating Loss to Net Cash used in Operating Activities:

Operating loss	<u>\$ (786,796)</u>
<i>Adjustments to Reconcile Operating Loss to Net Cash used in Operating Activities:</i>	
Depreciation	117,658
Increase (decrease) in cash due to changes in assets and liabilities:	
Receivables	(3,880)
Prepaid expenses	1,252
Other assets	59,438
Accounts payable	4,900
Accrued wages and taxes payable	887
Accrued liabilities - other	8,454
Deferred revenue	1,406
Accounts payable - other governmental	-
Tenant security deposits	240
Compensated absences	<u>6,506</u>
Net adjustments	<u>196,861</u>
<i>Net Cash used in Operating Activities</i>	<u><u>\$ (589,935)</u></u>

See accompanying notes to financial statements

Housing Authority of Okanogan County

Notes to Basic Financial Statements

December 31, 2015

NOTE 1 — ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

The Housing Authority of Okanogan County (HAOC) was formed to provide safe, decent, and sanitary housing for low- and moderate-income residents of Okanogan County. HAOC administers multiple U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture programs, the funding from which consists of approximately 80% of total revenue, and funds many of the key services provided by HAOC.

HAOC administers the U.S. Department of Housing and Urban Development (HUD) Section 8 Housing Choice Voucher (HCV) Program and HUD's 5-Year MainStream Housing Opportunities for Persons with Disabilities (MS) Program. HUD provides a contracted number of Housing Assistance Vouchers to HAOC for each program, which is used to provide rental payments to landlords for a specified number and type of housing units for low-income families.

HAOC administers the HOME Tenant Based Rental Assistance (TBRA) Program for the State of Washington, Department of Commerce. This Program was awarded to HAOC in November 2002; and the first draw was taken in January 2004. The TBRA Program is used to provide rental payments to landlords for a specified number and type of housing units for low-income homeless tenants.

HAOC administers USDA Rural Development rental assistance subsidy for the Twisp Gardens Apartments, a 17-unit Elderly/Disabled apartment complex for low-income families owned and managed by HAOC.

HAOC receives funds from Okanogan County recording fees for project based rental assistance to assist up to 10 homeless families in leasing at the Caribou Trail Apartments. This amount varies from year to year depending on available funding.

HAOC owns the following properties: 1) Caribou Trail Apartments, a 24-unit multifamily apartment complex housing low to moderate-income families; 2) Twisp Gardens Apartments, a 17-unit Elderly/Disabled apartment complex for low-income families with 16 USDA Rural Development subsidized units; 3) IronStraw Farmworker Housing, a 6-unit apartment complex housing low-income seasonal agricultural workers and their families; 4) Land in Omak.

Reporting entity:

HAOC is a municipal corporation governed by a six-member board appointed by the Okanogan County Board of Commissioners. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. HAOC currently has no component units. HAOC is a legally separate agency from Okanogan County. The County does not have the ability to affect the operations of HAOC, nor does HAOC provide a financial benefit to, or impose a financial burden on Okanogan County.

Basis of Accounting:

The accounts of HAOC are reported as an enterprise fund. Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operations of HAOC are included on the statement of net position.

Summary of Significant Accounting Policies:

The basic financial statements of HAOC have been prepared in conformity with *Accounting Principles Generally Accepted in the U.S. of America* (GAAP). Following is a summary of the more significant accounting policies of HAOC.

Budgeting- HAOC follows the same method of accounting for their budget as they utilize for financial reporting.

Cash and cash equivalents — HAOC's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. As required by HUD, all of the bank balance amounts are fully insured by the Federal Government or covered by collateral under the terms of a Depository Agreement executed between HAOC and the financial institution.

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

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

Restricted Funds – HAOC receives security deposits when tenants move into their units. These deposits are segregated in a depository account and are considered a liability of HAOC. Restricted funds also include required reserves and funds received in advance that are restricted for a specific or future purpose. HAOC currently has restricted funds from both the U.S. Department of Agriculture Rural Development (USDA RD) and HUD. USDA RD has established a reserve for HAOC capital improvements, which can only be utilized upon USDA RD approval. In addition, HAP funds are restricted for payments to landlords on behalf of the program recipients. Any additional grant revenues that have been advanced to HAOC, but not yet expended are classified as restricted. HAOC also has restricted funds related to financing and reserve requirements.

Assets and liabilities shown as current in the accompanying statement of net position exclude current maturities on revenue bonds and accrued interest thereon because debt service accounts are provided for their payment.

Accounts receivable – HAOC recognizes receivables when they are earned and records an allowance for doubtful accounts based upon management’s estimate of collectability.

Capital Assets — Major expenditures for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

Capital assets are defined by HAOC as assets with an initial individual cost of more than \$2,000 and estimated useful life in excess of one year. Capital assets are recorded at cost (where historical cost is known). Where historical cost is not known, assets are recorded at their estimated fair value. Donations are recorded at fair market value at the time of donation or the appraised value.

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its future service utility has declined significantly and unexpectedly. HAOC is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. No such events or circumstances were encountered as of December 31, 2014.

Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income.

The estimated useful lives are as follows:

Buildings	25 – 40 years
Improvements	7 – 40 years
Machinery/equipment	3 – 10 years
Furniture/equipment	3 – 7 years

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. HAOC’s deferred inflows of resources are typically grant funds that have been drawn down or funds advanced and have not yet been expended. HAOC had no deferred inflows of resources as of December 31, 2015.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

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

Compensated Absences –HAOC recognizes an expense for all earned but unused vacation leave. Compensated Absences reflect all vacation, sick and holiday wages for which employees have been paid in the fiscal year. HAOC records paid leave for compensated absences as an expense when incurred.

Accrued Compensated Absences is the dollar value of vacation hours earned but not used through the end of each calendar year. Vacation hours earned may be accumulated up to 240 hours and are payable upon termination of employment unless termination is for misconduct or employment is less than six consecutive months. Sick leave may accumulate up to 480 hours, however it is not included in Accrued Compensated Absences because it is not paid out upon resignation; any outstanding sick leave is lost.

Revenue and expenses — HAOC’s statement of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing housing and related services, and federal operating subsidies and housing assistance payments that are directly related to HAOC’s mission. Nonoperating revenue includes capital and noncapital federal grants, interest revenue, and other revenue not meeting the definition of operating. Operating expenses consist of all expenses incurred to provide housing services. Nonoperating expenses include interest expense and other expenses not meeting the definition of operating.

Subsequent events — Subsequent events have been evaluated through the date of the audit report, which is the date the financial statements were available to be issued.

Tax status — HAOC, as a governmental entity, is not subject to federal or state income taxes.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

In the opinion of management, there have been no material violations of finance-related legal or contractual provisions, and there have been no expenditures exceeding legal appropriations in any of the funds of HAOC.

NOTE 3 — DEPOSITS:

Deposits, including those in restricted assets, are defined as cash or cash equivalents on deposit with financial institutions. At December 31, 2015, the carrying amount of HAOC’s cash accounts deposited with financial institutions was \$359,349 and the bank balance was \$364,768. HAOC’s deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC). HAOC has on file form HUD-51999, General Depository Agreement with Wells Fargo.

Cash and cash equivalents consist of the following at December 31, 2015:

Cash and cash equivalents - unrestricted	\$ 199,350
Cash and cash equivalents - current restricted	159,999
Total cash and cash equivalents	<u>359,349</u>
Less: cash on hand	<u>(80)</u>
Total deposits	<u><u>\$ 359,269</u></u>

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 4 — INVESTMENTS:

HAOC’s investment practice is to follow all HUD guidelines with regard to depository accounts. As a result, HAOC restricts its investments to direct obligations of the U.S. government, fully insured or collateralized investments at commercial banks and savings and loan associations, collateralized repurchase agreements, state-approved investment pools, or money market funds consisting entirely of U.S. government securities. All investments are reported at fair market value, which is obtained from quoted market prices of the exact same investments trading in public markets.

As of December 31, 2015, HAOC has no long-term investments. HAOC maintains an operating and reserve escrow account with Washington Community Reinvestment Association (WCRA) for the Caribou Trail Apartments. This account includes an original deposit for project improvements that has not been completely drawn down, as well as a monthly \$300 deposit into each account. This is included in Restricted Cash – Caribou Trails on the statement of net position.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, HAOC’s deposits may not be returned. HAOC follows HUD policies, which requires collateral for all deposits not covered by federal depository insurance. At December 31, 2015, none of HAOC’s deposits and investments were exposed to custodial credit risk.

Concentration of Credit Risk– Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government). Since HAOC follows HUD policies, and all held investments are in investments issued or guaranteed by the U.S. government, there is no concentration of credit risk.

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities as rated by a nationally recognized rating agency.

Concentration of Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

NOTE 5 — RECEIVABLES:

Receivables at December 31, 2015 consist of the following:

Tenants	\$ 2,498
Intergovernmental	19,465
Other	435
Total receivables before allowance	<u>22,398</u>
Less: Allowance for doubtful accounts	-
Total receivables	<u><u>\$ 22,398</u></u>

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 6 — CAPITAL ASSETS:

Changes in capital assets during the year ended December 31, 2015 are shown below:

	January 1, 2015	Additions	Transfer/ retirements	December 31, 2015
Capital assets not depreciated:				
Land	\$ 201,463	\$ -	\$ -	\$ 201,463
Construction in progress	-	163	-	163
Total capital assets not depreciated	<u>201,463</u>	<u>163</u>	<u>-</u>	<u>201,626</u>
Capital assets being depreciated:				
Buildings	1,644,234	16,255	-	1,660,489
Leasehold improvements	1,083,997	100,854	-	1,184,851
Machinery and equipment	64,999	-	-	64,999
Furniture and equipment	20,912	-	-	20,912
Total capital assets being depreciated	<u>2,814,142</u>	<u>117,109</u>	<u>-</u>	<u>2,931,251</u>
Accumulated depreciation				
Buildings	682,287	63,798	-	746,085
Leasehold improvements	344,380	53,860	304	398,544
Machinery and equipment	61,785	-	(304)	61,481
Furniture and Equipment	20,912	-	-	20,912
Total accumulated depreciation	<u>1,109,364</u>	<u>117,658</u>	<u>-</u>	<u>1,227,022</u>
Total capital assets	<u>\$ 1,906,241</u>	<u>\$ (386)</u>	<u>\$ -</u>	<u>\$ 1,905,855</u>

Housing Authority of Okanogan County

Notes to Basic Financial Statements

December 31, 2015

NOTE 7 — LONG-TERM DEBT:

Caribou Trail Apartments: The Board of Commissioners issued Resolution 1998-12 approving the acquisition of the Caribou Trail Apartments; authorizing the issuance, execution and delivery of a Bond in the form of a taxable Multifamily Note to the Washington Community Reinvestment Association in the original principal amount of \$340,000; and authorizing the issuance, execution and delivery of a Bond in the form of a taxable Promissory Note to the Washington State Department of Community, Trade and Economic Development (CTED) in the original amount up to \$515,000.

The Multifamily Note to the Washington Community Reinvestment Association has a term of thirty years (30); principal and interest is payable in monthly installments by electronic transfer. Monthly principal and interest payments are \$2,377.33, including interest at 7.5%; final payment is due in 2028.

The Promissory Note (\$515,000) to CTED (currently known Washington State Dept. of Commerce) Housing Trust Fund (HTF) was issued under the authority of RCW 35.82.020(11), RCW 35.82.130, RCW 35.82.140, RCW 35.82.150 and other applicable provisions of the Housing Authority Law. Interest is one percent compounded annually but does not accrue prior to June 30, 2028. Annual principal payments of \$5,000 will be due and payable each year for twenty-one consecutive years. Annual payments of \$21,654 will be due and payable beginning June 30, 2028 and for each subsequent year for twenty-one years thereafter. The CTED (Commerce) note will mature on June 30, 2048.

The following is a summary of the long-term liabilities transactions for Caribou Trail Apartments for the year ended December 31, 2015:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
Note payable, WCRA	\$ 240,008	\$ -	\$ (10,897)	\$ 229,111	\$ 11,743
Note payable, WA State Dept. of Commerce HTF	475,000	-	(5,000)	470,000	5,000
	<u>\$ 715,008</u>	<u>\$ -</u>	<u>\$ (15,897)</u>	<u>\$ 699,111</u>	<u>\$ 16,743</u>

Minimum Payments are due as follows:

	Principal	Interest	Total
2016	\$ 16,743	\$ 16,785	\$ 33,528
2017	17,655	15,873	33,528
2018	18,637	14,891	33,528
2019	19,696	13,832	33,528
2020	20,837	12,691	33,528
2021-2025	124,649	42,809	167,458
2026-2030	124,085	17,455	141,540
2031-2035	92,256	16,014	108,270
2036-2040	96,962	11,308	108,270
2041-2045	101,908	6,362	108,270
2046-2050	65,683	1,338	67,021
	<u>\$ 699,111</u>	<u>\$ 169,358</u>	<u>\$ 868,469</u>

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 7 — LONG-TERM DEBT (continued):

Twisp Gardens Apartments: The Board of Commissioners issued Resolution 2003-09 and 2003-15 approving the acquisition of the Twisp Gardens Apartments; authorizing the issuance, execution and delivery of a Bond in the form of a taxable Promissory Note and Multi Family Housing Assumption Agreement to USDA Rural Development in the original amount of \$181,547; and authorizing the issuance, execution and delivery of a Bond in the form of a taxable Promissory Note to the CTED (currently known Washington State Dept. of Commerce) HTF in the original loan amount of \$159,500, and an original recoverable grant amount of up to \$467,799.

The Promissory Note to the USDA Rural Development has a term of fifty years (50); principal and interest is payable in monthly installments withheld from USDA Rural Development rental subsidy. Monthly principal and interest payment are \$939.20, with a monthly USDA RD interest subsidy payment of \$554.09 and a Housing Authority Borrower principal and interest payment of \$385.11. Interest is 5.875%; final payment is due on or before September 15, 2054.

The Promissory Note to CTED HTF (now known as the Washington State Dept. of Commerce) was issued under the authority of RCW 35.82.020(11), RCW 35.82.130, RCW 35.82.140, RCW 35.82.150 and other applicable provisions of the Housing Authority Law. The original loan amount of \$159,500 has a term of forty years (40); principal and interest is payable in quarterly installments beginning September 2005. Interest at 1% began accruing September 2004 increasing the principal loan amount to \$161,101. Quarterly principal and interest payments are \$1,248.41, with final payment due June 30, 2044. The Recoverable Grant WA State CTED (Commerce) HTF amount of up to \$467,799 shall be deferred for forty years (40) at zero % interest until June 30, 2044. If at the end of the forty-year commitment period, all terms and conditions of the award have been met, the recoverable Grant will convert to a full grant on June 30, 2044 with no expectation of repayment. The Grant represents all costs associated with rehabilitation work that began FY 2005.

The following is a summary of the long-term liabilities transactions for Twisp Gardens Apartments for the year ended December 31, 2015:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
Note payable, USDA RD	\$ 173,166	\$ -	\$ (1,127)	\$ 172,039	\$ 1,194
Note payable, WA State Dept. of Commerce HTF	127,434	-	(3,733)	123,701	3,772
Recoverable Grant WA State HTF	467,799	-	-	467,799	-
	<u>\$ 768,399</u>	<u>\$ -</u>	<u>\$ (4,860)</u>	<u>\$ 763,539</u>	<u>\$ 4,966</u>

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 7 — LONG-TERM DEBT (continued):

Accrued amortized interest from 2004/2005 was added into Long Term Payables to equal the amortization schedule for the Note Payable to WA State Dept. of Commerce, HTF.

Minimum payments for USDA RD and Department of Commerce HTF Notes Payable combined (not inclusive of the recoverable grant) are due as follows:

	Principal	Interest	Total
2016	\$ 4,966	\$ 4,649	\$ 9,615
2017	5,076	4,539	9,615
2018	5,190	4,425	9,615
2019	5,310	4,305	9,615
2020	5,435	4,180	9,615
2021-2025	29,257	18,818	48,075
2026-2030	33,369	14,706	48,075
2031-2035	38,582	9,493	48,075
2036-2040	45,254	3,101	48,355
2041-2045	46,329	323	46,652
2046-2050	39,110	-	39,110
2051-2054	37,862	-	37,862
	<u>\$ 295,740</u>	<u>\$ 68,539</u>	<u>\$ 364,279</u>

IronStraw Farmworker Housing – The Board of Commissioners issued Resolution 2010-02 authorizing the acquisition of the IronStraw Farmworker Housing Project and assuming the existing promissory note of \$602,896, a recoverable grant of \$18,723, and authorizing additional loans of \$300,000, \$34,202, \$23,000, and \$7,738 with the Washington State Department of Commerce Housing Trust Fund. Acquisition occurred on March 26, 2010.

The loan is deferred for the remaining forty-two (42) years under the contract. The final payment shall be due and payable on October 31, 2052. The recoverable grant portion in the amount of \$18,723 will have no expectation of repayment if the terms and conditions of the contract are met through the term of commitment that ends October 31, 2052.

The following is a summary of the long-term liabilities transactions for IronStraw for the year ended December 31, 2015:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
Note payable, WA State Dept. of Commerce HTF	\$ 967,836	\$ -	\$ -	\$ 967,836	\$ -
Recoverable Grant WA State HTF	18,723	-	-	18,723	-
	<u>\$ 986,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,559</u>	<u>\$ -</u>

Housing Authority of Okanogan County

Notes to Basic Financial Statements

December 31, 2015

NOTE 7 — LONG-TERM DEBT (continued):

North Cascades National Bank – Land Purchase: The HAOC Board of Commissioners approved the acquisition of land for the Pine Meadows Project and authorized a promissory note of \$100,000 with North Cascades National Bank. Acquisition occurred on July 29, 2010. In January 2012, HAOC sold 1.5 parcels of the land to the newly formed non-profit, Pine Meadows Senior Housing for \$76,500. The balance of the NCNB loan was paid off with Okanogan County 2060 Recording Fee Grant. HAOC retains ownership of the remaining 1.5 parcels in its General Fund.

NOTE 8 — TEMPORARILY RESTRICTED NET POSITION:

Temporarily restricted net position of \$309,178 of funds received from governmental agencies, which are restricted for providing housing assistance to qualifying individuals and families, administrative, operating, and capital reserves.

NOTE 9 — OPERATING LEASES:

HAOC leases office space under a month-to-month agreement. This lease is considered an operating lease for accounting purposes. Lease expense for the year ended December 31, 2015 amounted to \$9,600.

NOTE 10 — PENSION PLAN:

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Pension liabilities	\$	121,714
Pension assets		-
Deferred outflows of resources		52,995
Deferred inflow of resources		18,769
Pension expense/expenditures		74,502

State Sponsored Pension Plans

Substantially all the HAOC's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (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 98540-8380. Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 10 — PENSION PLAN (continued):

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service. The AFC is the average of the member’s 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<u>Actual Contribution Rates</u>	<u>Employer</u>	<u>Employee*</u>
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%

The HAOC’s actual contributions to the plan were \$5,682 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 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 benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions: (1) With a benefit that is reduced by three percent for each year before age 65; or (2) With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five 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 credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 10 — PENSION PLAN (continued):

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

<u>Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2*</u>
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

* For employees participating in JBM, the contribution rate was 15.30%

The HAOC’s actual contributions to the plan were \$7,116 for the year ended December 31, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

Housing Authority of Okanogan County

Notes to Basic Financial Statements

December 31, 2015

NOTE 10 — PENSION PLAN (continued):

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 10 — PENSION PLAN (continued):

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of NPL

The table below presents the HAOC’s proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the HAOC’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 78,716	\$ 64,654	\$ 52,562
PERS 2/3	166,846	57,060	(26,999)

Pension Plan Fiduciary Net Position

Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 10 — PENSION PLAN (continued):

At June 30, 2015, the HAOC reported a total pension liability of \$121,714 for its proportionate share of the net pension liabilities as follows

	<u>Liability (or Asset)</u>	
PERS 1	\$	64,654
PERS 2/3		57,060

At June 30, the HAOC's proportionate share of the collective net pension liabilities was as follows

	<u>Proportionate Share</u> <u>6/30/14</u>	<u>Proportionate Share</u> <u>6/30/15</u>	<u>Change in</u> <u>Proportions</u>
PERS 1	0.00%	0.001597%	0.001597%
PERS 2/3	0.00%	0.001236%	0.001236%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the HAOC recognized pension expense as follows:

PERS 1	\$	56,348
PERS 2/3		<u>18,154</u>
Total	\$	<u><u>74,502</u></u>

Housing Authority of Okanogan County
Notes to Basic Financial Statements
December 31, 2015

NOTE 10 — PENSION PLAN (continued):

For the year ended December 31, 2015, the HAOC recognized pension expense of \$59,438. At December 31, 2015, HAOC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PERS #1 Deferred Outflows of Resources	PERS # 2 & 3 Deferred Outflows of Resources	PERS #1 Deferred Inflows of Resources	PERS #2 & 3 Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	92	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	6,066	3,537	15,232
Changes in proportion and differences between contributions and proportionate share of contributions	-	38,547	-	-
Contributions subsequent to the measurement date	3,596	4,694	-	-
Total	<u>\$ 3,596</u>	<u>\$ 49,399</u>	<u>\$ 3,537</u>	<u>\$ 15,232</u>

\$52,995 is reported as deferred outflows of resources related to pensions resulting from HAOC's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1	PERS 2 & 3
2016	(1,371)	7,202
2017	(1,371)	7,202
2018	(1,371)	7,202
2019	576	7,867

Housing Authority of Okanogan County

Notes to Basic Financial Statements

December 31, 2015

NOTE 11 — PARTICIPATION IN HOUSING AUTHORITY RISK RETENTION POOL:

HAOC is a member of the Housing Authority Risk Retention Pool (HARRP). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Inter-local Cooperation Act. The pool was formed on March 1, 1987 when public housing authority's (PHA's) in the State of Washington joined together by signing an Inter-local Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Thirty-two Washington PHA's have joined the pool, along with forty-three PHA's in Oregon, California and Nevada.

The pool allows members to establish a plan of self-insurance, jointly purchase insurance coverage and to provide such related services as risk management and loss control. Coverage for public official liability is on a "claims made basis." All other coverage is on an "occurrence" basis. The pool provides the following forms of pool purchased insurance coverage for its members:

- The PHA's jointly self-insure the first \$300,000 per occurrence of their general liability, errors & omissions and property exposures and the pool purchases \$2,700,000 in reinsurance.
- The Auto Liability program self-insures the first \$100,000 per claim and the pool purchases excess insurance up to \$1,900,000.

Members make an annual contribution based upon an actuarial study to fund the pool. Members have no individual deductible in the General Liability and Auto Liability programs. In regard to the Errors & Omissions coverage, members carry a deductible of 1/10th of each loss subject to a minimum of \$2,500 and a maximum of \$25,000 for each claim. They may choose a \$1,000, \$2,500, \$5,000, \$10,000 or \$25,000 per occurrence deductible in the Property program. Since the pool is a cooperative effort, any claims falling within HARRP's self-insured retention will be paid from the pooled funds contributed by all the members.

Each new member pays the pool a non-refundable membership fee. This amount covers the member's share of organizational expenses and the cost of analyzing their loss data and risk profile. Members contract to remain in the pool for a minimum of three years, and must give notice 30 days before terminating participation. The Inter-local Governmental Agreement is renewed automatically each year after the initial three year period. The annual premium is calculated to cover all anticipated expenses. Any shortfall will be covered by the pool surplus and reserves; there is no additional assessment feature in the Agreement.

The pool is fully funded by its member participants. Claims are filed by members with HARRP. HARRP maintains a full time staff including an Executive Director, a Risk Manager and employees providing appropriate support.

HARRP is governed by a Board of Directors consisting of representatives from nine member PHA's. Three Directors are elected from among the PHA members of the Association of Washington Housing Authorities; three from PHA members of the Association of Oregon Housing Authorities; and three from PHA members of the Northern California/Nevada Executive Directors Association. The Board meets at least once each quarter to conduct the business affairs of HARRP. Standing committees established by the Board are:

- Management Committee
- Claims/Loss Management Committee
- Insurance/Underwriting Committee
- Audit Committee

HAOC has had no insurance settlement within the last three years that exceeded insurance coverage.

NOTE 12— CONTINGENCIES AND LITIGATION:

HAOC participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Housing Authority management believes that such disallowances, if any, will be immaterial.

Periodically HAOC receives funding from the State of Washington Department of Commerce that is used to purchase and construct land and buildings. The Department of Commerce maintains the right to be reimbursed for this funding if HAOC is in violation of any terms or conditions of the contracts. At year end, HAOC's management is not aware of any violations of Department of Commerce requirements. As of December 31, 2015, these amounts total \$2,048,020.

HAOC's financial statements include all material liabilities. There are no material contingent liabilities to record.

NOTE 13— SUBSEQUENT EVENTS:

The Housing Authority (HA) was approached by the Summit Group to acquire and renovate three LIHTC projects which have ended their respective 15-year tax credit commitments. The projects have Rural Development rental assistance. The projects include: Peachtree Place Apts. in Brewster (24 units); Elmwood Apts. in Okanogan (20 units); and North Valley II Apts. in Omak (23 units). A total of 67 units will be preserved. By buying out the equity on these three existing properties the HA would acquire the existing USDA RD loan with rental subsidy. In January 2013 the HA submitted a Phase I application to the Washington State Department of Commerce, Housing Trust Fund in the amount of \$1,667,193 to buy out the equity of the three projects. The project was not selected, and an application was resubmitted in December of 2014 for the 2015 state budget. The HA is reviewing the feasibility of obtaining funding through USDA RD 538 if the project is not selected by the Washington State Department of Commerce, Housing Trust Fund.

NOTE 14— IMPLEMENTATION OF NEW ACCOUNTING STANDARDS:

The Housing Authority implemented the provisions of Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, of the Governmental Accounting Standards Board (GASB) for the year ended December 31, 2015. 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. It was necessary to adjust our beginning equity by \$28,050 and to book a net pension liability of \$55,962p due to implementing GASB Statement No. 68. This Statement is effective for fiscal years beginning after June 15, 2014.

Housing Authority of Okanogan County
Schedules of Required Supplementary Information
Last 10 years *
December 31, 2015

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year and were presented for the years where data was available.

Schedule of Proportionate Share of the Net Pension Liability:

PERS 1	2015	2014
Housing Authority's proportion of the net pension liability (asset)	0.001236%	0.000310%
Housing Authority's proportionate share of the net pension liability (asset)	\$ 64,654	\$ 15,616
Housing Authority's covered-employee payroll	-	-
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	59.10%	61.19%
PERS 2/3	2015	2014
Housing Authority's proportion of the net pension liability (asset)	0.001597%	0.000399%
Housing Authority's proportionate share of the net pension liability (asset)	\$ 32,281	\$ 8,065
Housing Authority's covered-employee payroll	150,359	142,928
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	21.47%	5.64%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	93.29%

Housing Authority of Okanogan County
Schedules of Required Supplementary Information
Last 10 years *
December 31, 2015

Schedule of Employer Contributions:

PERS 1	2015	2014
Contractually required contribution	\$ 6,595	\$ 5,728
Contributions in relation to the contractually required contribution	6,595	5,728
Contribution deficiency (excess)	\$ -	\$ -
Housing Authority's covered-employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A
PERS 2/3	2015	2014
Contractually required contribution	\$ 8,767	\$ 7,178
Contributions in relation to the contractually required contribution	8,767	7,178
Contribution deficiency (excess)	\$ -	\$ -
Housing Authority's covered-employee payroll	\$ 150,358	\$ 142,928
Contributions as a percentage of covered-employee payroll	5.83%	5.02%

Notes to Required Supplementary Information:

Change of benefit terms: There were no changes in the benefit terms for the Pension Plans.

Changes of assumptions: There were no changes in the assumptions for the Pension Plans.

**Housing Authority of Okanogan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	56-024-91169473- 010	-	172,078	172,078	-	1,2,3,4
Rural Housing Service, Department Of Agriculture	Rural Rental Housing Loans	10.415	Interest Subsidy	-	6,649	6,649	-	1,2,4
			Total CFDA 10.415:	-	178,727	178,727	-	
Rural Housing Service, Department Of Agriculture	Rural Rental Assistance Payments	10.427	56-024-91169473- 010	-	88,141	88,141	-	1,2,4
Office Of Community Planning And Development, Department Of Housing And Urban Development (via Department of Commerce)	Home Investment Partnerships Program	14.239	f-13-47101-111; f- 14-42401-11; f- 14-42401-118	178,375	-	178,375	-	1,2,4
Housing Voucher Cluster								
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Section 8 Housing Choice Vouchers	14.871	WA071DV0014	-	852,695	852,695	-	1,2,4
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Mainstream Vouchers	14.879	WA071DV0014	-	252,197	252,197	-	1,2,4
			Total Housing Voucher Cluster:	-	1,104,892	1,104,892	-	
			Total Federal Awards Expended:	178,375	1,371,760	1,550,135	-	

Housing Authority of Okanogan County

Notes to Schedule of Expenditures of Federal Awards

December 31, 2015

Note 1 – BASIS OF ACCOUNTING:

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as HAOC's financial statements. HAOC conforms to generally accepted accounting principles.

Note 2 – PROGRAM COSTS:

The amounts shown as federal expenditures for the Housing Choice Voucher Program (CFDA 14.871) represents grant portions of the program costs. Entire program costs, including HAOC's portion totaled \$907,425.

The amounts shown as federal expenditures for the Supportive Housing for Persons with Disabilities (5-Year MainStream) Program (CFDA 14.879) represents grant portions of the program costs. Entire program costs, including HAOC's portion, totaled \$388,721.

The amounts shown as federal expenditures for the Washington State (Department of Commerce) HOME Tenant Based Rental Assistance (TBRA) Program (CFDA 14.239) represent grant portions of the program costs. Entire program costs, including HAOC's portion, totaled \$183,603.

The amounts shown as federal expenditures for the USDA Rural Development under the Federal Awards represents grant portions of the program costs for the Twisp Gardens Apartments (CFDA 10.415 and 10.427). Included are outstanding loan balance at year-end, annual interest subsidy per USDA RD loan agreement, and rental assistance payments. Entire program costs, including HAOC's portion, totaled \$140,012.

Note 3 – FEDERAL LOANS:

USDA – Rural Development	<u>CFDA</u>	<u>Balance</u>
	10.415	\$172,078

Note 4 – DE MINIMIS COST RATE:

The HAOC has elected not to use the de minimis cost rate.

Housing Authority of Okanogan County
Financial Data Schedules
December 31, 2015

Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Twisp Gardens Rural Rental Housing	Total State and Local	Subtotal	Eliminating Entries	Total
111	Cash - unrestricted	14,871	14,879	14,239	10,415/10,427	14,850	199,351	\$ -	\$ 199,351
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-
113	Cash - other restricted	11,519	-	-	53,307	71,837	136,663	-	136,663
114	Cash - tenant security deposits	-	-	-	7,458	15,878	23,336	-	23,336
115	Cash - restricted for payment of current liabilities	-	-	-	-	-	-	-	-
100	Total cash	19,984	14,761	-	68,178	256,427	359,350	-	359,350
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	7,485	6,493	-	-	-	13,978	-	13,978
124	Accounts receivable - other government	3,381.6	-	2,105	-	-	5,487	-	5,487
125	Accounts receivable - miscellaneous	-	-	-	-	435	435	-	435
126	Accounts receivable - tenants - dwelling rents	-	-	-	344	2,154	2,498	-	2,498
126.1	Allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
127	Notes, loans and mortgages receivable - current	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud recovery	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	10,867	6,493	2,105	344	2,589	22,398	-	22,398
131	Investments - unrestricted	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	129,804	129,804	-	129,804
135	Investments - restricted for payment of current liability	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	1,528	1,528	-	1,528
143	Inventories	-	-	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-
144	Inter program due from	-	-	-	-	6,945	6,945	(6,945)	-
145	Assets held for sale	-	-	-	-	-	-	-	-
150	Total current assets	30,851	21,254	2,105	68,522	397,293	520,025	(6,945)	513,080

Housing Authority of Okanogan County
Financial Data Schedules
December 31, 2015

Line Item #	Account description	Housing Choice Voucher		Supportive Housing Mainstream		TBRA HUD Passthru State		USDA Twisp Gardens Rural Rental Housing		Total State and Local	Eliminating Entries	Total
		14,871	\$ -	14,879	\$ -	14,239	\$ -	10,415/10,427	14,850			
161	Land							62,000		\$ 139,463	\$ -	\$ 201,463
162	Buildings							401,800		1,258,689		1,660,489
163	Furniture, equipment & machinery - dwellings							16,448		48,551		64,999
164	Furniture, equipment & machinery - administration	20,912										20,912
165	Leasehold improvements							586,228		774,620		774,620
166	Accumulated depreciation	(20,912)						(410,434)		(795,676)		(1,227,022)
167	Construction in progress									163		163
168	Infrastructure									410,231		410,231
160	Total capital assets, net of accumulated depreciation							656,042		1,249,813		1,905,855
171	Notes, loans and mortgages receivable - non-current											
172	Notes, loans and mortgages receivable - non-current											
173	Grants receivable - past due											
174	Grants receivable - non-current											
176	Other assets											
176	Investments in joint ventures											
180	Total non-current assets							656,042		1,249,813		1,905,855
200	Deferred outflow of resources	25,127		11,514		2,776		1,107		12,471		52,995
290	Total assets and deferred outflow of resources	\$ 55,978	\$ -	\$ 32,768	\$ -	\$ 4,881	\$ -	\$ 725,671	\$ -	\$ 1,659,577	\$ (6,945)	\$ 2,471,930

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Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Rural Rental Housing	Total State and Local	Subtotal	Eliminating Entries	Total
311	Bank overdraft	14,871	14,879	14,239	10,415/10,427	14,850	-	-	-
312	Accounts payable less than 90 days	400	182	42	3,679	8,849	13,152	-	13,152
313	Accounts payable greater than 90 days	-	-	-	-	-	-	-	-
321	Accrued wages / payroll taxes payable	-	-	-	-	5,823	5,823	-	5,823
322	Accrued compensated absences - current portion	7,744	3,490	966	-	4,558	16,758	-	16,758
324	Accrued contingency liability	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	-	-
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-
332	Accounts payable - PHA projects	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	-	-	-	-
341	Tenant security deposits	-	-	-	7,547	15,970	23,517	-	23,517
342	Unearned revenue	11,519	-	-	174	17,591	29,284	-	29,284
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	4,966	16,743	21,709	-	21,709
344	Current portion of long-term debt - operating borrowings	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-
347	Inter program - due to	-	-	6,945	-	-	6,945	(6,945)	-
348	Loan liability - current	-	-	-	-	-	-	-	-
310	Total current liabilities	19,663	3,672	7,953	16,366	69,534	117,188	(6,945)	110,243

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Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Rural Rental Housing	Total State and Local	Subtotal	Eliminating Entries	Total
351	Long-term debt, net of current - capital projects/mortgage revenue bonds	\$ -	\$ -	\$ -	\$ 758,573	\$ 1,668,927	\$ 2,427,500	\$ -	\$ 2,427,500
352	Long-term debt, net of current - operating borrowings	-	-	-	-	-	-	-	-
353	Non-current liabilities - other	-	-	-	-	-	-	-	-
354	Accrued compensated absences - non-current	4,699	1,940	584	-	3,251	10,474	-	10,474
355	Loan liability - non-current	-	-	-	-	-	-	-	-
356	FASB 5 liabilities	-	-	-	-	-	-	-	-
357	Accrued pension and OPEB liabilities	56,996	26,324	7,213	2,541	28,640	121,714	-	121,714
350	Total non-current liabilities	61,695	28,264	7,797	761,114	1,700,818	2,559,688	-	2,559,688
300	Total liabilities	81,358	31,936	15,750	777,480	1,770,352	2,676,876	(6,945)	2,669,931
400	Deferred inflow of resources	9,131	4,113	717	392	4,416	18,769	-	18,769
508.1	Invested in capital assets, net of related debt	-	-	-	(107,497)	(435,857)	(543,354)	-	(543,354)
509.2	Net position reserved	-	-	-	-	-	-	-	-
511.2	Unreserved, designated net position	-	-	-	-	-	-	-	-
511.1	Restricted net position	-	-	-	53,307	201,641	254,948	-	254,948
512.1	Unrestricted net position	(34,511)	(3,281)	(11,586)	1,989	119,025	71,636	-	71,636
512.2	Unreserved, undesignated net position	-	-	-	-	-	-	-	-
513	Total equity/net position	(34,511)	(3,281)	(11,586)	(52,201)	(115,191)	(216,770)	-	(216,770)
600	Total liabilities, def'd inflow of resources, net position	\$ 55,978	\$ 32,768	\$ 4,881	\$ 725,671	\$ 1,659,577	\$ 2,478,875	\$ (6,945)	\$ 2,471,930

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Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Twisp Gardens Rural Rental Housing	Total State and Local	Subtotal	Eliminating Entries	Total
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 113,830	\$ 160,206	\$ 274,036	\$ (86,860)	\$ 187,176
70400	Tenant revenue - other	-	-	-	1,345	4,865	6,210	-	6,210
70500	Total tenant revenue	-	-	-	115,175	165,071	280,246	(86,860)	193,386
70600	HUD PHA operating grants	924,952	252,197	-	-	-	1,177,149	-	1,177,149
70610	Capital grants	-	-	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-	-
70720	Asset management fee	-	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-	-
70740	Front line service fee	-	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-	-
70700	Total fee revenue	924,952	252,197	-	-	-	1,177,149	-	1,177,149
70800	Other government grants	-	-	178,375	6,649	41,042	226,066	-	226,066
71100	Investment income - unrestricted	9	10	-	13	21	53	-	53
71200	Mortgage interest income	-	-	-	-	-	-	-	-
71300	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-
71400	Fraud recovery	268	-	-	-	-	268	-	268
71500	Other revenue	-	-	-	-	47,525	47,525	(39,360)	8,165
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	4	-	111	282	397	-	397
70000	Total revenue	\$ 925,229	\$ 252,211	\$ 178,375	\$ 121,948	\$ 253,941	\$ 1,731,704	\$ (126,220)	\$ 1,605,484

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Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Twisp Gardens Rural Rental Housing	Total State and Local	Subtotal	Eliminating Entries	Total
91100	Administrative salaries	\$ 73,211	\$ 33,029	\$ 9,034	\$ 3,669	\$ 39,699	\$ 158,642	\$ -	\$ 158,642
91200	Auditing fees	8,669	5,472	1,102	888	1,548	17,679	-	17,679
91300	Management fee	-	-	-	18,720	20,640	39,360	(39,360)	-
91310	Bookkeeping fee	-	-	-	-	-	-	-	-
91400	Advertising and marketing	26	16	2	65	186	295	-	295
91500	Employee benefit contributions - administrative	41,035	18,782	5,159	2,094	20,103	87,173	-	87,173
91600	Office expenses	16,052	7,832	2,175	2,783	6,518	35,360	-	35,360
91700	Legal expense	385	108	408	101	15	1,017	-	1,017
91800	Travel	1,705	442	585	619	762	4,113	-	4,113
91810	Allocated overhead	-	-	-	-	-	-	-	-
91900	Other	5,715	2,990	576	1,396	11,283	21,960	-	21,960
91000	Total operating - administrative	146,798	68,671	19,041	30,335	100,754	365,599	(39,360)	326,239
92000	Asset management fee	-	-	-	-	-	-	-	-
92100	Tenant services - salaries	-	-	-	7,920	-	7,920	-	7,920
92200	Relocation costs	-	-	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	-	-	-	-	-	-	-	-
92400	Tenant services - other	-	-	-	340	-	340	-	340
92500	Total tenant services	-	-	-	8,260	-	8,260	-	8,260

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Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Pass thru State	USDA Twisp Gardens Rural Rental Housing	Total State and Local	Subtotal	Eliminating Entries	Total
93100	Water	14,871	14,879	14,239	10,415/10,427	13,047	23,076	-	23,076
93200	Electricity	-	-	-	754	5,117	5,871	-	5,871
93300	Gas	-	-	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-	-	-
93600	Sewer	-	-	-	10,777	13,649	24,426	-	24,426
93700	Employee benefit contributions - utilities	-	-	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	5,971	12,793	18,764	-	18,764
93000	Total utilities	-	-	-	27,531	44,606	72,137	-	72,137
94100	Ordinary maintenance and operations - labor	-	-	-	9,297	15,832	25,129	-	25,129
94200	Ordinary maintenance and operations - materials and other	-	-	-	4,865	16,177	21,042	-	21,042
94300	Ordinary maintenance and operations contracts	-	-	-	6,510	25,781	32,291	-	32,291
94500	Employee benefit contributions - ordinary maintenance	-	-	-	-	-	-	-	-
94000	Total maintenance	-	-	-	20,672	57,790	78,462	-	78,462
95100	Protective services - labor	-	-	-	-	-	-	-	-
95200	Protective services - other contract costs	-	-	-	-	-	-	-	-
95300	Protective services - other	-	-	-	-	-	-	-	-
95500	Employee benefit contributions - protective services	-	-	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	-	-	-	-
96110	Property insurance	-	-	-	2,115	2,635	4,750	-	4,750
96120	Liability insurance	1,093	525	137	466	1,983	4,204	-	4,204
96130	Workmen's compensation	-	-	-	-	-	-	-	-
96140	All other insurance	-	-	-	-	222	222	-	222
96100	Total insurance premiums	\$ 1,093	\$ 525	\$ 137	\$ 2,581	\$ 4,840	\$ 9,176	\$ -	\$ 9,176

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Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Twisp Gardens Rural Rental Housing	Total State and Local	Eliminating Entries	Total
		14,871	14,879	14,239	10,415/10,427	14,850	Subtotal	Total
96200	Other general expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
96210	Compensated absences	7,779	3,098	691	-	-	11,568	11,568
96300	Payments in lieu of taxes	-	-	-	-	-	-	-
96400	Bad debt - tenant rents	-	-	-	-	2,836	2,836	2,836
96500	Bad debt - mortgages	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	3,360	3,360	3,360
96800	Severance expense	-	-	-	-	-	-	-
96000	Total other general expenses	7,779	3,098	691	-	6,196	17,764	17,764
96710	Interest of mortgage (or bonds) payable	-	-	-	11,404	17,631	29,035	29,035
96720	Interest on notes payable (short and long-term)	-	-	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-	-	-
96700	Total interest expense and amortization cost	-	-	-	11,404	17,631	29,035	29,035
96900	Total operating expenses	155,670	72,294	19,869	100,783	231,817	580,433	541,073
97000	Excess of operating revenue over operating expenses	769,559	179,917	158,506	21,165	22,124	1,151,271	(86,860)
97100	Extraordinary maintenance	-	-	-	-	-	-	-
97200	Casualty losses - non-capitalized	-	-	-	-	-	-	-
97300	Housing assistance payments	751,754	316,828	163,734	-	-	1,232,316	(86,860)
97350	HAP portability-in	66,157	-	-	-	-	66,157	66,157
97400	Depreciation expense	-	-	-	39,094	78,564	117,658	117,658
97500	Fraud losses	-	-	-	-	-	-	-
97600	Capital outlays - governmental funds	-	-	-	-	-	-	-
97700	Debt principal payment - governmental funds	-	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-	-
90000	Total expenses	973,581	389,122	183,603	139,877	310,381	1,996,564	(126,220)
								1,870,344

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Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	TBRA HUD Passthru State	USDA Twisp Gardens Rural Rental Housing	Total State and Local	Subtotal	Eliminating Entries	Total
		14,871	14,879	14,239	10,415/10,427	14,850			
10010	Operating transfer in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10020	Operating transfer out	-	-	-	-	-	-	-	-
10030	Operating transfers from/to primary government	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
10094	Transfers between program and project - out	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-	-
10000	Excess(deficiency) of total revenue over(under) total expense	\$ (48,352)	\$ (136,911)	\$ (5,228)	\$ (17,929)	\$ (56,440)	\$ (264,860)	\$ -	\$ (264,860)

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Line Item #	Account description	Housing Choice Voucher	Supportive Housing Mainstream	HUD Passthru State	Twisp Gardens Rural Housing	Total State and Local	Subtotal	Eliminating Entries	Total
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	26,976	139,696	(4,695)	(33,686)	(52,151)	76,140	-	76,140
11040	Prior period adjustments, equity transfers and corrections	(13,135)	(6,066)	(1,663)	(586)	(6,600)	(28,050)	-	(28,050)
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 rent	-	-	-	-	-	-	-	-
11100	Changes in allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
11170	Administrative fee equity	(34,511)	-	-	-	-	(34,511)	-	(34,511)
11180	Housing assistance payments equity	-	-	-	-	-	-	-	-
11190	Unit months available	1,980	900	309	204	348	3,741	-	3,741
11210	Number of unit months leased	1,892	881	309	204	341	3,627	-	3,627
11270	Excess cash	-	-	-	-	-	-	-	-
11610	Land purchases	-	-	-	-	-	-	-	-
11620	Building purchases	-	-	-	-	-	-	-	-
11630	Furniture and equipment - dwelling purchases	-	-	-	-	-	-	-	-
11640	Furniture and equipment - administrative purchases	-	-	-	-	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-	-	-	-	-
11660	Infrastructure purchases	-	-	-	-	-	-	-	-
13510	CFFP debt service payments	-	-	-	-	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-	-	-	-	-

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In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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