



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Financial Statements and Federal Single Audit  
Report**

**Housing Authority of Chelan County  
and the City of Wenatchee**

**For the period January 1, 2013 through December 31, 2013**

**Published September 22, 2014**

**Report No. 1012588**





## Washington State Auditor Troy Kelley

September 22, 2014

Board of Commissioners  
Housing Authority of Chelan County and the City of Wenatchee  
Wenatchee, Washington

### **Report on Financial Statements and Federal Single Audit**

Please find attached our report on the Housing Authority of Chelan County and the City of Wenatchee'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

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Chelan County  
January 1, 2013 through December 31, 2013**

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# Federal Summary

## Housing Authority of Chelan County and the City of Wenatchee January 1, 2013 through December 31, 2013

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

### ***FINANCIAL STATEMENTS***

An unmodified opinion was issued on the basic financial statements.

#### ***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 under section 510(a) of OMB Circular A-133.

***Identification of Major Programs:***

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
10.415	Rural Rental Housing Loans
14.195	Section 8 Project-Based Cluster - Section 8 Housing Assistance Payments Program

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

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

# **Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

## **Housing Authority of Chelan County and the City of Wenatchee January 1, 2013 through December 31, 2013**

Board of Commissioners  
Housing Authority of Chelan County and the City of Wenatchee  
Wenatchee, 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 Chelan County and the City of Wenatchee, Chelan County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated August 28, 2014. As discussed in Note 1 to the financial statements, during the year ended December 31, 2013, the Housing Authority implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our report was modified to include a reference to other auditors who audited the financial statements of the Morning Sun Park, LLC and Bello Rio, LLC Tax Credit Partnerships, as described in our report on the Housing Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Morning Sun Park, LLC and Bello Rio, LLC Tax Credit Partnerships were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Morning Sun Park, LLC and Bello Rio, LLC Tax Credit Partnerships.

### ***INTERNAL CONTROL OVER FINANCIAL REPORTING***

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

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

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

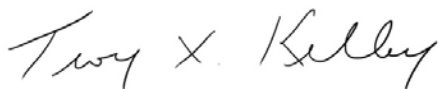
## ***COMPLIANCE AND OTHER MATTERS***

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

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

## ***PURPOSE OF THIS REPORT***

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



**TROY KELLEY**  
STATE AUDITOR

August 28, 2014

# **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

**Housing Authority of Chelan County and the City of Wenatchee  
January 1, 2013 through December 31, 2013**

Board of Commissioners  
Housing Authority of Chelan County and the City of Wenatchee  
Wenatchee, Washington

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

We have audited the compliance of the Housing Authority of Chelan County and the City of Wenatchee, Chelan County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The Housing Authority's major federal programs are identified in the accompanying Federal Summary.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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



### ***Opinion on Each Major Federal Program***

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### ***REPORT ON INTERNAL CONTROL OVER COMPLIANCE***

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

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

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

### ***PURPOSE OF THIS REPORT***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It

also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

**TROY KELLEY**  
STATE AUDITOR

August 28, 2014

# **Independent Auditor's Report on Financial Statements**

## **Housing Authority of Chelan County and the City of Wenatchee January 1, 2013 through December 31, 2013**

Board of Commissioners  
Housing Authority of Chelan County and the City of Wenatchee  
Wenatchee, Washington

### ***REPORT ON THE FINANCIAL STATEMENTS***

We have audited the accompanying financial statements of the Housing Authority of Chelan County and the City of Wenatchee, Chelan County, Washington, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 11.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Tax Credit Partnerships: Morning Sun Park, LLC and Bello Rio, LLC, which represents 19 percent, 18 percent and 17 percent, respectively of the Housing Authority's assets, net position and operating revenues. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Morning Sun Park, LLC and Bello Rio, LLC is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Tax Credit Partnerships: Morning Sun Park, LLC and Bella Rio, LLC that comprise a portion of the Authority's financial statements, were not audited in accordance with government auditing standards.

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

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

### ***Opinion***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Chelan County and the City of Wenatchee, as of December 31, 2013, 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 1 to the financial statements, in 2013, the Housing Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 12 through 17 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

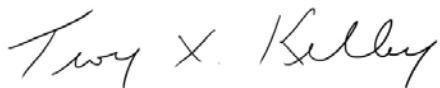
### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and changes in Net Position and Combining Schedule of Cash Flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.



**TROY KELLEY**  
STATE AUDITOR

August 28, 2014

## **Financial Section**

### **Housing Authority of Chelan County and the City of Wenatchee January 1, 2013 through December 31, 2013**

#### ***REQUIRED SUPPLEMENTARY INFORMATION***

Management's Discussion and Analysis – 2013

#### ***BASIC FINANCIAL STATEMENTS***

Statement of Net Position – 2013

Statement of Revenues, Expenses and Changes in Net Position – 2013

Statement of Cash Flows – 2013

Notes to Financial Statements – 2013

#### ***SUPPLEMENTARY AND OTHER INFORMATION***

Schedule of Expenditures of Federal Awards – 2013

Notes to the Schedule of Expenditures of Federal Awards – 2013

Combining Schedule of Net Position – 2013

Combining Schedule of Revenues, Expenses and Changes in Net Position – 2013

Combining Schedule of Cash Flows – 2013

Financial Data Schedule – 2013

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**

The Housing Authority of Chelan County and City of Wenatchee's (the Housing Authority) management's discussion and analysis (MD&A) is designed to:

- Assist the reader in focusing on significant financial issues;
- Provide an overview of the Housing Authority's financial activity;
- Identify changes in the Housing Authority's financial position;
- Provide information on challenges in the next and subsequent years; and
- Identify individual fund or program issues and concerns.

The MD&A is designed to focus on the current year's activities. Please read it in conjunction with the Housing Authority's financial statements.

***Financial Statements***

These financial statements are designed so that all activities for the Housing Authority are reported as a stand-alone business activity. They are designed to display the financial position and activity of the Housing Authority as a whole. The Housing Authority consists exclusively of enterprise funds. Enterprise funds utilize the accrual basis of accounting, and are reported in the same method as that used in private sector accounting. These statements include:

1. Statement of Net Position. This reports all financial and capital resources of the Housing Authority. All assets and liabilities are presented in order of liquidity. They are classified as "Current" and "Noncurrent". Liabilities whose maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The net position is one way to measure the Housing Authority's financial health. Over time, increases or decreases in the Housing Authority's net position are one indicator of its financial health.

The focus of the Statement of Net Position is designed to represent the available liquid assets, net of liabilities, for the Housing Authority. These are called "Unrestricted". Total net position is reported in three broad categories:

- Net Investment in Capital Assets – This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other related borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- Restricted – This component of net position consists of restricted assets, on which creditors, grantors, laws, or regulations have placed the constraints.
- Unrestricted – This component consists of all other net position that doesn't meet the definitions for "Net Investment in Capital Assets" or "Restricted".

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**

***Financial Statements (Continued)***

2. Statement of Revenue, Expenses, and Change in Net Position – This statement is similar to an income statement and includes operating revenues, such as rental income and other tenant revenue, operating expenses, such as administrative expenses, utilities, housing assistance payments, maintenance and depreciation, and nonoperating revenues and expenses, which includes grant revenue, investment income and interest expense.

The focus of the Statement of Revenue, Expenses, and Changes in Net Position is the “Change in Net Position”. This is similar to Net Income or Loss.

3. Statement of Cash Flows – This statement shows net cash provided by, or used for, operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

***Housing Authority Programs***

As stated earlier, the Housing Authority has enterprise funds only. These are used for business-type activities and use the full accrual basis of accounting. Many of the programs maintained by the Housing Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

The Housing Authority's programs are as follows:

1. Tenant Based Section 8 Program – Under the Tenant Based Section 8 Program, the Housing Authority administers contracts with independent landlords. The Housing Authority subsidizes the tenant's rent through a Housing Assistance Payment (HAP) made to the landlord. This program consists of Housing Choice Vouchers. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Housing Authority to structure a lease that sets the tenants' rent at 30 percent of adjusted household income.
2. Project Based Section 8 Program – Under the Project Based Section 8 Program, the Housing Authority rents units that it owns to low-income households. Garten Haus is elderly only and receives Rental Assistance and operates under HUD regulations. Entiat Gardens is multi-family and receives Rental Assistance through HUD, but the facility is managed following Rural Development regulations. The program is administered under an Annual Contributions Contract with HUD. HUD provides funding to enable the Housing Authority to structure a lease that sets the tenants' rent at 30 percent of adjusted household income.



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**

***Housing Authority Programs (Continued)***

3. Rural Development – Under the Rural Development program, the Housing Authority rents units it owns to low-income families. There are a total of 11 projects: Washington Square, Wenatchee II, Applewood, Heritage Glen, Chelan Bluff, Vista Del Rio, and Columbia Pointe are for farmworker families; Man\*Sun Villa and Chelan Gardens are for elderly/disabled families; River Run and Gibson Gardens are for multi-family. Rural Development provides funding to enable the Housing Authority to structure a lease that sets the tenant's rent at 30 percent of adjusted household income.
4. Tax Credit – Morning Sun Park and Bello Rio are rent restricted properties for low-income farmworkers.
5. State/Local – The Housing Authority received funds from Office of Community Development for Vista Del Rio, Bello Rio, and the Housing Voucher Program.
6. General Fund – This represents non-HUD resources developed from a variety of activities, including management fees from projects and various grants.

***Financial Highlights***

- Capital assets of the Housing Authority decreased by \$886,869 during 2013, primarily due to not having any new projects under construction combined with the depreciation of fixed assets.
- The Housing Authority maintained an average occupancy rate of 96 percent.
- The Housing Authority's revenues remained consistent from 2013 to 2012. Revenues were \$5.76 million and \$5.74 million for 2013 and 2012, respectively. The total expenses for all the Housing Authority's programs increased by \$220,153 (3.9 percent). Total expenses were \$6.3 million and \$6.1 million for 2013 and 2012, respectively.

***Financial Analysis of the Housing Authority***

The Statement of Net Position and the Statement of Revenue, Expenses, and Change in Net Position report information about the Housing Authority's activities to help determine the overall financial health of the organization. Economic conditions, population growth, and new or changed government legislation would also need to be considered when analyzing the Housing Authority's activities.

Certain resources of the Housing Authority are restricted for future use, such as the security deposits and cash reserves, as presented on the Combining Schedule of Net Position.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**

***An Overview of the Housing Authority-Wide Financial Position and Operations***

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

**STATEMENTS OF NET POSITION**  
December 31, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
Current and Other Assets	\$ 2,522,359	\$ 2,492,539
Capital Assets	<u>27,978,067</u>	<u>28,864,936</u>
Total Assets	<u><u>\$ 30,500,426</u></u>	<u><u>\$ 31,357,475</u></u>
<b>LIABILITIES</b>		
Current Liabilities	\$ 624,099	\$ 702,162
Long-Term Liabilities	<u>9,358,757</u>	<u>9,626,986</u>
Total Liabilities	<u>9,982,856</u>	<u>10,329,148</u>
<b>NET POSITION</b>		
Net Invested in Capital Assets	18,362,899	18,996,818
Restricted	1,682,754	1,745,999
Unrestricted	<u>471,917</u>	<u>285,510</u>
Total Net Position	<u><u>20,517,570</u></u>	<u><u>21,028,327</u></u>
Total Liabilities and Net Position	<u><u>\$ 30,500,426</u></u>	<u><u>\$ 31,357,475</u></u>

Total Assets

The Housing Authority's total assets at December 31, 2013 were \$30.5 million, a decrease of \$857,049 from December 31, 2012. This is mainly due to no new projects under construction and the depreciation of capital assets.

Total Liabilities

Total liabilities decreased by \$346,292. This decrease is due to the annual payments on the existing loans and no new loans during 2013.

Total Net Position

The Housing Authority's Net Position decreased by \$510,757 during 2013. This is again due to no new construction and a net loss for the 2013 calendar year.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION**  
Years Ended December 31, 2013 and 2012

	2013	2012
<b>OPERATING REVENUES</b>		
Tenant Revenue - Rent	\$ 1,624,232	\$ 1,601,709
Other Revenue	25,551	30,754
<b>NONOPERATING REVENUES</b>		
HUD Operating Subsidies	2,833,647	2,909,497
Other Operating Grants	19,532	-
Grants	996,578	989,313
Interest	104,913	106,775
Other Nonoperating Revenue	153,117	103,525
Total Revenues	<u>5,757,570</u>	<u>5,741,573</u>
<b>OPERATING EXPENSES</b>		
Administrative	316,705	393,001
Utilities	469,206	477,897
Maintenance	917,025	726,893
General	916,559	850,256
Housing Assistance Payments	2,331,279	2,284,233
Depreciation and Amortization	1,034,046	1,018,221
Miscellaneous Expense	6,300	14,348
<b>NONOPERATING EXPENSES</b>		
Interest Expenses	277,207	283,325
Total Expenses	<u>6,268,327</u>	<u>6,048,174</u>
<b>CHANGE IN NET ASSETS</b>	(510,757)	(306,601)
<b>TOTAL NET POSITION - January 1, as restated</b>	<u>21,028,327</u>	<u>21,334,928</u>
<b>TOTAL NET POSITION - December 31</b>	<u><u>\$ 20,517,570</u></u>	<u><u>\$ 21,028,327</u></u>

Major Factors Affecting the Statement of Revenue, Expenses, and Change in Fund Net Position

Tenant revenues and government grants, when added together and compared between 2013 and 2012, show a slight increase. The Housing Authority presents its financial information for the entire government, which includes several projects. Revenues and expenses occur on a project level. When financial statements roll-up into the combined statement, interproject transactions are then eliminated. See supplemental schedules for project presentations and eliminations.

There were no capital grants received in 2013.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2013**

***Capital Assets and Debt Administration***

**Capital Assets**

As of year-end, the Housing Authority had \$27.9 million invested, net of depreciation, in a variety of capital assets. This represents a net decrease of \$886,869 from the previous year. Net decrease would include all additions, disposals, and depreciation. The capital assets are reflected in the following schedule:

	2013	2012
Land	\$ 2,581,630	\$ 2,581,630
Buildings and Improvements	35,673,553	35,543,808
Furnishings and Equipment	523,710	506,278
Total	38,778,893	38,631,716
Less: Accumulated Depreciation	(10,800,826)	(9,766,780)
Total	<u>\$ 27,978,067</u>	<u>\$ 28,864,936</u>

The major decrease to the capital assets in 2013 was related to depreciation.

**Debt Outstanding**

At year-end, the Housing Authority had \$9.6 million in notes outstanding, a net decrease of \$252,950 from the previous year. This is mainly due to principal payments on debt outstanding.

***Request for Information***

This financial report is designed to provide a general overview of the Housing Authority's accountability for all those interested. If you should have additional questions regarding the financial information, please contact our office in writing at the following address:

Housing Authority of Chelan County and City of Wenatchee  
Attn: Toni Peterson  
1555 S. Methow St.  
Wenatchee, WA 98801

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 534,376
Restricted Cash:	
Tenant Deposits	142,106
Cash Reserves	1,685,682
Total Cash and Cash Equivalents	<u>2,362,164</u>
Accounts Receivable:	
Tenants	9,556
Other	129,772
Prepaid Expenses	20,867
Total Current Assets	<u>2,522,359</u>

**CAPITAL ASSETS**

Land	2,581,630
Land Improvements	4,248,219
Buildings and Improvements	31,425,334
Furnishings and Equipment	523,710
Total	<u>38,778,893</u>
Less: Accumulated Depreciation	10,800,826
Net Capital Assets	<u>27,978,067</u>
 Total Assets	 <u><u>\$ 30,500,426</u></u>

*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2013**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Current Portion of Long-Term Debt	\$ 260,364
Accounts Payable:	
Trade	81,250
Deferred Revenue	14,505
Payroll Taxes Payable	20,108
Compensated Absences Payable	54,440
Accrued Payroll Payable	34,570
Accrued Interest Payable	16,579
Tenant Deposits Payable	142,283
Total Current Liabilities	<u>624,099</u>

**NONCURRENT LIABILITIES**

Family Self-Sufficiency Payable	3,953
Long-Term Debt, Net Current Portion	9,354,804
Total Noncurrent Liabilities	<u>9,358,757</u>
 Total Liabilities	 9,982,856

**CONTINGENT LIABILITIES (NOTE 8)**

**NET POSITION**

Net Investment in Capital Assets	18,362,899
Restricted	1,682,754
Unrestricted	471,917
Total Net Position	<u>20,517,570</u>
 Total Liabilities and Net Position	 <u><u>\$ 30,500,426</u></u>

*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGE IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2013**

**OPERATING REVENUE**

Tenant Rental Revenue	\$ 1,624,232
Other Operating Revenue	25,551
Total Operating Revenue	<u>1,649,783</u>

**OPERATING EXPENSES**

Housing Assistance Payments	2,331,279
Administrative Salaries	304,730
Utilities	469,206
Depreciation	1,034,046
Maintenance Salaries	409,920
Maintenance and Repairs	507,105
Site Manager Salaries	295,664
Office Expense	125,549
Payroll Taxes	109,108
Payroll Benefits	174,140
Administration Fees	11,975
Travel and Training	34,717
Accounting and Auditing Fees	65,001
Insurance	54,836
Advertising	1,573
Office Rent	401
Legal Fees	19,896
Bad Debts	35,674
Miscellaneous	6,300
Total Operating Expenses	<u>5,991,120</u>

**OPERATING LOSS** (4,341,337)

**NONOPERATING REVENUE (EXPENSES)**

HUD Operating Subsidies	2,833,647
Other Operating Grants	19,532
Other Nonoperating Grants	996,578
Interest Income - Reserves	1,568
Interest Income - Other	103,345
Other Nonoperating Revenue	153,117
Interest Expense	(277,207)
Total Nonoperating Revenue	<u>3,830,580</u>

**DECREASE IN NET POSITION** (510,757)

Net Position - Beginning, Originally Stated, January 1, 2013 21,171,237

Prior Period Adjustments (142,910)

Net Position - Beginning, as Restated, January 1, 2013 21,028,327

**NET POSITION - END OF YEAR** \$ 20,517,570

*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Tenants	\$ 1,957,192
Cash Paid to Employees	(1,530,071)
Cash Paid to Suppliers	<u>(3,917,589)</u>
Net Cash Used by Operating Activities	(3,490,468)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Nonoperating Grants	3,849,757
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**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of Capital Assets	(147,177)
Principal Paid on Capital Debt	(252,950)
Interest Paid on Capital Debt	(277,916)
Other Nonoperating Receipts	<u>153,117</u>
Net Cash Used by Capital and Related Financing Activities	(524,926)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Received	103,345
Reserve Interest Received	<u>1,568</u>
Net Cash Provided by Investing Activities	<u>104,913</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(60,724)

Cash and Cash Equivalents - Beginning of Year

2,422,888

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 2,362,164

*See accompanying Notes to Financial Statements.*



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2013**

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (4,341,337)
Adjustments to Reconcile Operating Loss to Net Cash	
Used by Operating Activities:	
Depreciation	1,034,046
Change in Operating Assets and Liabilities:	
Accounts Receivable	(93,694)
Prepaid Expenses	11,834
Accounts Payable	(65,114)
Unearned Revenue	8,069
Payroll Taxes Payable	51
Compensated Absences Payable	(16,840)
Accrued Payroll Payable	528
Tenant Deposits Payable	(20,174)
Family Self-Sufficiency Payable	<u>(7,837)</u>
Net Cash Used by Operating Activities	<u><u>\$ (3,490,468)</u></u>

*See accompanying Notes to Financial Statements.*

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Operations**

The accounting policies of the Housing Authority of Chelan County and the City of Wenatchee (the Housing Authority) conform to generally accepted accounting principles (GAAP) as applicable to propriety funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant policies:

**A. Reporting Entity**

The Housing Authority is a municipal corporation established pursuant to Chapter 35.82 RCW as a special purpose government entity that provides low-income housing to a variety of individuals in Chelan and Douglas Counties and is supported primarily through user charges and government grants.

Incorporated on April 21, 1981, the Housing Authority is governed by an 11-member board of directors appointed by the Chelan County Commissioners and the mayors of various cities within the counties. As required by accounting principles generally accepted in the United States of America, management has considered all potential component units in defining the reporting entity. These financial statements present the Housing Authority and its component units. The component units discussed below are included in the Housing Authority's reporting entity because of the significance of their operational or financial relationships with the Housing Authority.

**B. Tax Credit Partnerships**

In conformity with accounting principles generally accepted in the United States of America, the financial statements of component units have been included in the financial reporting entity as blended component units.

Morning Sun Park, LLC, an entity legally separate from the Housing Authority, is governed by the 11-member board comprised of the commissioners of the Housing Authority. For financial reporting purposes, Morning Sun Park, LLC is reported as if it were part of the Housing Authority's operations because it shares the same governing body as the Housing Authority.

Bello Rio, LLC, an entity legally separate from the Housing Authority, is governed by the 11-member board comprised of the commissioners of the Housing Authority. For financial reporting purposes, Bello Rio, LLC is reported as if it were part of the Housing Authority's operations because it shares the same governing body as the Housing Authority.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization and Operations (Continued)**

**C. Basis of Accounting and Presentation**

The accounting records of the Housing Authority are maintained and reported in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW and Federal Department of Housing and Urban Development (HUD). The Housing Authority must report using GAAP; however, it has the option to use either the single enterprise proprietary fund or special purpose government fund model.

The Housing Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund is composed of a number of programs. These programs are designed to provide low income individuals with housing.

The Housing Authority constructed and operates apartment units at sites in Chelan County for low-income agricultural workers. Funds for construction were provided by a combination of grants and mortgage notes from Rural Development, a division of the United States Department of Agriculture. Thirty-six units in the Washington Square project were ready for occupancy, and rental operations began May 1, 1984. Thirty-four units in the Wenatchee II project were placed into operation on January 22, 1987. Thirty-five units in the Applewood project were placed into operation on December 1, 1994. Thirty-five units in the Heritage Glen project were placed into operation on June 1, 2002. Eighteen of these units are set aside for seasonal workers. Twenty-two units in the Chelan Bluff project were placed into operation September 2007. Twenty-four units in the Vista Del Rio project were placed into operation in June 2009. Twenty-four units in the Columbia Pointe project were placed into operation in June 2009.

Twenty-one units in the Man\*Sun Villa project were acquired from Chelan-Douglas Housing Association on September 1, 1993. The project provides housing for low-income senior citizens and the disabled in Manson, Washington. Thirty-two units in the Garten Haus project were acquired from Garten Haus Associates Limited Partnership on September 22, 1998. The project provides housing for low-income senior citizens in Leavenworth, Washington. Eighteen units in the River Run project were acquired from Nahahum Cove Associates on February 29, 2000. The project provides housing for low-income families in Cashmere, Washington. Twenty units in the Gibson Gardens project were acquired from Gibson Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income families in Chelan, Washington. Sixteen units in the Chelan Gardens project were acquired from Chelan Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income senior citizens and the disabled in Chelan, Washington. Twenty-six units in the Entiat Gardens project were acquired from Entiat Gardens Limited Partnership on May 2, 2003. The project provides housing for low-income families in Entiat, Washington.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization and Operations (Continued)**

**C. Basis of Accounting and Presentation (Continued)**

In addition, the Housing Authority operates the Section 8 Rental Voucher/Certificate Program to provide rental assistance to low-income tenants of nonproject housing as a contract agency through the Department of Housing and Urban Development.

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method, revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the fund. For reporting purposes, the activities for all the Housing Authority's programs are combined, with all interfund balances and transactions eliminated.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Housing Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**E. Capital Assets**

Capital assets are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 and an anticipated life or useful value of more than one year. Capital assets are recorded at cost and depreciated over useful lives ranging from 3 to 40 years. Donations are recorded at fair market value at the time of donation or the appraised value.

**F. Accounts Receivable**

Accounts receivable include amounts due from tenants and other government entities. The Housing Authority utilizes the reserve method for recording bad debts. All of the accounts included in the statement of net position are considered collectible and, therefore, no allowance for doubtful accounts is presented. Accounts receivable over 90 days as of December 31, 2013, totaled \$3,312.

**G. Inventories**

Inventories are valued at cost using the first-in, first-out method, which approximates the market value. Inventories at December 31, 2013 were immaterial; therefore, no inventories are presented.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization and Operations (Continued)**

H. Investments

The Housing Authority has no investments as of December 31, 2013.

I. Operating Revenues/Expenses

Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating subsidies and grants are reported as nonoperating revenues and are presented as cash flows from noncapital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low-income housing.

J. Compensated Absences

Compensated absences are absences for which employees will be paid for vacation or personal leave. The Housing Authority records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement, or death. Personal leave may be accumulated up to 480 hours, but is not payable upon resignation, retirement, or death.

K. New Accounting Principles

In 2013, the Housing Authority implemented the following GASB statements:

- a) GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. GASB Statement No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance previously contained in various Financial Accounting Standards Board (FASB) and AICPA pronouncements issued on or before November 30, 1989, that does not conflict with or contradict GASB pronouncements.
- b) GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Accordingly, the accompanying statement of net position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization and Operations (Continued)**

**K. New Accounting Principles (Continued)**

- c) GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities. The impact of the implementation is included in Note 11.

**L. Net Position**

Net Investment in Capital Assets – This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes, or other related borrowings that are attributable to the acquisition, construction, or improvements of those capital assets.

Restricted – In accordance with bond resolutions, and certain related agreements, separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including construction, debt service, and other special reserve requirements. Restricted resources currently include the following:

a) Tenant Deposits:

Tenants are required to pay a security deposit at the time they move into one of the Housing Authority's developments. The tenant deposits are refundable provided that the unit's physical condition is satisfactory at the time the tenant moves out. Tenant deposit savings accounts have been established to cover the total security deposits payable to tenants.

b) FSS Payable to Tenants:

FSS payable to Section 8 tenants reflects the accumulated deposits and interest earnings to be paid to the FSS participant once they have successfully completed the program.

c) Section 8 Cash Balance at Year-End:

Unspent Housing Choice Voucher funding at year-end is considered restricted (GASB 34, par 34).

Unrestricted – This component consists of all other net assets that don't meet the definitions for "Net investment in capital assets" or "Restricted".

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization and Operations (Continued)**

**M. 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.

**N. Inter-Project Eliminations**

The Housing Authority presents its financial information for the entire government, which includes several projects. Revenues and expenses occur on a project level. When financial statements roll-up into the combined statement, inter-project transactions are then eliminated. See supplemental schedules on pages 28 through 30 for project presentations and eliminations.

**NOTE 2 CASH AND CASH EQUIVALENTS**

The Housing Authority's deposits and certificates of deposit are entirely covered by Federal Deposit Insurance Corporation by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission.

**NOTE 3 CAPITAL ASSETS**

Major expenses 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.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Capital asset activities for the year ended December 31, 2013 were as follows:

	Balance January 1, 2013	Increases	Deletions	Balance December 31, 2013
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land	\$ 2,581,630	\$ -	\$ -	\$ 2,581,630
Construction in Progress	-	-	-	-
Total Capital Assets not Being Depreciated	2,581,630	-	-	2,581,630
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Land Improvements	4,241,328	6,891	-	4,248,219
Apartment Buildings and Furnishings	31,302,480	122,854	-	31,425,334
Nondwelling Furniture and Equipment	506,278	17,432	-	523,710
Total Capital Assets Being Depreciated	36,050,086	147,177	-	36,197,263
Less: Accumulated Depreciation				
Land Improvements	1,103,136	-	-	1,103,136
Apartment Buildings and Furnishings	8,304,665	-	-	8,304,665
Nondwelling Furniture and Equipment	358,979	-	-	358,979
Total Accumulated Depreciation	9,766,780	1,034,046	-	10,800,826
Net Capital Assets Being Depreciated	26,283,306	(886,869)	-	25,396,437
<b>TOTAL NET CAPITAL ASSETS</b>	<u>\$ 28,864,936</u>	<u>\$ (886,869)</u>	<u>\$ -</u>	<u>\$ 27,978,067</u>

In the case of the sale of a significant operating unit or system, the original cost is removed from the capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Depreciation is computed on the straight-line method with useful lives of 3 to 40 years.

Preliminary costs incurred for proposed projects are deferred pending construction of the facility. Costs relating to projects ultimately constructed are transferred to the project; charges that relate to abandoned projects are expensed.



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 4 OPERATING LEASE COMMITMENTS**

The Housing Authority is committed under a month-to-month lease for office space in the Applewood project to the Section 8 Program. This lease is considered an operating lease for accounting purposes. Lease expense for the year ended December 31, 2013 amounted to \$12,000. This was an inter-project transaction and eliminated in the combined presentation.

**NOTE 5 LONG-TERM DEBT**

The Housing Authority has long-term loans secured by capital assets. These loans were used to acquire capital assets that provide low-income housing. They are being repaid from revenues generated by the Housing Authority.

A note to Rural Development, payable at \$681 per month, including interest at 1%, is due September 2036. The note is secured by the land and apartment buildings of the Washington Square project.	\$ 185,473
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A note to Rural Development, payable at \$1,563 per month, including interest at 1%, is due September 2040. The note is secured by the land and apartment buildings of the Washington Square project.	424,436
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A note to Rural Development, payable at \$354 per month, including interest at 1%, is due September 2036. The note is secured by the land and apartment buildings of the Wenatchee II project.	96,469
--	--------

A note to Rural Development, payable at \$141 per month, including interest at 1%, is due in September 2036. The note is secured by the land and apartment buildings of the Wenatchee II project.	38,369
---	--------

A note to Rural Development, payable at \$1,953 per month, including interest at 1%, is due September 2040. The note is secured by the land and apartment buildings of the Wenatchee II project.	530,432
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A note to Rural Development, payable at \$1,378 per month, including interest at 13.25% adjusted by an interest credit to 1%, is due August 2021. The note is secured by the land and apartment buildings of Man*Sun Villa.	490,130
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A note to Rural Development, payable at \$714 per month, including interest at 5.75% adjusted by an interest credit to 1%, is due February 2044. The note is secured by the land and apartment buildings of Man*Sun Villa.	258,146
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**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 5    LONG-TERM DEBT (CONTINUED)**

A note to Rural Development, payable at \$2,985 per month, including interest at 1%, is due November 2026. The note is secured by the land and apartment buildings of the Applewood project.	\$    441,671
A note to Rural Development, payable at \$1,378 per month, including interest at 7.125% adjusted by an interest credit to 1%, is due February 2020. The note is secured by the land and apartment buildings of the River Run project.	331,408
A note to Rural Development, payable at \$424 per month, including interest at 7.125% adjusted by an interest credit to 1%, is due February 2020. The note is secured by the land and apartment buildings of the River Run Project.	102,047
A note to KeyBank, payable at \$4,055 per month, including interest at 6.375%, is due with a balloon payment October 2018. The note is secured by the land and apartment buildings of the Garten Haus project.	466,077
A note to the Washington State Housing Finance Commission, payable in semiannual installments of \$5,663, including interest at 3%, is due with a balloon payment October 1, 2018. The note is secured by the land and apartment buildings of the Garten Haus project.	135,995
A note to Cashmere Valley Bank, payable at \$887 per month, including interest at 5.25%, is due February 2015. The note is secured by the land and apartment buildings of the Garten Haus project.	16,140
A noninterest bearing note to Housing Finance Unit, payable at \$4,598 per year, is due December 2051. The note is secured by the land of the Heritage Glen project, but takes a subordinate position to the Rural Development loan on this project.	178,132
A note to Housing Finance Unit, payable at \$15,203 per year, including interest at 1%, is due December 2051. The note is secured by the apartment buildings of the Heritage Glen project, but takes a subordinate position to the Rural Development loan on this project.	486,447
A note to Rural Development, payable at \$2,382 per month, including interest at 1%, is due June 1, 2037. The note is secured by the apartment buildings of the Heritage Glen project.	545,094

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 5    LONG-TERM DEBT (CONTINUED)**

A note to Housing Finance Unit, payable at \$3,476 per quarter, including interest at 1%, is due October 2047. The funds are for predevelopment costs associated with Chelan Bluff.	\$    400,285
A note to Rural Development, payable at \$2,295 per month, including 1% interest, is due November 2036. The note is secured by the land and apartment buildings of the Chelan Bluff project.	608,924
A note to Rural Development, payable at \$665 per month, including 1% interest, is due in November 2039. The note is secured by the land and apartment buildings of the Vista Del Rio project.	181,549
A note to Washington Community Reinvestment Association, payable at \$1,266 per month, including interest at 6.25%, is due June 2049. The note is secured by the land, apartment buildings and revenues of the Vista del Rio project.	216,634
A noninterest bearing note to Washington State Community Trade and Economic Development is deferred for 40 years. The full principal loan amount will be due and payable on or before October 31, 2047. The note is secured by the land of the Bello Rio LLC project.	1,846,986
A note to Banner Bank, payable at \$1,089 per month, including interest at 4.5%, is due May 2033. The note is secured by the land and apartment buildings of the Chelan Gardens project.	168,250
A note to Rural Development, payable at \$509 per month, including interest at 6% adjusted by an interest credit to 1%, is due May 2033. The note is secured by the land and apartment buildings of the Chelan Gardens project.	183,265
A note to Banner Bank, payable at \$1,730 per month, including interest at 4.5%, is due May 2033. The note is secured by the land and apartment buildings of the Entiat Gardens project.	267,372
A note to Rural Development, payable at \$2,322 per month, including interest at 6%, is due May 2033. The note is secured by the land and apartment buildings of the Entiat Gardens project.	300,052
A note to Banner Bank, payable at \$1,533 per month, including interest at 4.5%, is due May 2033. The note is secured by the land and apartment buildings of the Gibson Gardens project.	236,924

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

A note to Rural Development, payable at \$623 per month, including interest at 6% adjusted by an interest credit to 1%, is due April 2033. The note is secured by the land and apartment buildings of the Gibson Gardens project.

\$ 223,949

A note to Rural Development, payable at \$900 per month, including interest at 1%, is due October 2040. The note is secured by the land and apartment buildings of the Columbia Pointe project.

254,512

Total Long-Term Debt

9,615,168

Long-Term Debt Payable Within One Year

260,364

Long-Term Debt Payable After One Year

\$ 9,354,804

Service requirements to maturity for mortgages are as follows:

Year Ending December 31,	Principal	Interest
2014	\$ 260,364	\$ 167,010
2015	263,765	159,244
2016	265,436	151,292
2017	273,687	143,042
2018	734,511	131,199
2019-2023	1,367,382	437,860
2024-2028	1,565,569	295,874
2029-2033	1,422,782	150,686
2034-2038	850,013	78,101
2039-2043	464,158	43,195
2044-2048	2,061,317	19,021
2049-2051	86,182	1,206
Total	<u><u>\$ 9,615,168</u></u>	<u><u>\$ 1,777,730</u></u>

During the year ended December 31, 2013, the following changes occurred in long-term debt:

Type of Debt	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013	Due Within One Year
Rural Development	\$ 5,366,592	\$ -	\$ 170,666	\$ 5,195,926	\$ 174,862
Bank Loans	1,203,698	-	48,935	1,154,763	51,630
WSHFC	143,081	-	7,086	135,995	7,300
CTED	2,936,514	-	24,664	2,911,850	24,871
WCRA	218,233	-	1,599	216,634	1,701
Total Long-Term Debt	<u><u>\$ 9,868,118</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 252,950</u></u>	<u><u>\$ 9,615,168</u></u>	<u><u>\$ 260,364</u></u>

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 6 PENSION PLAN**

The Housing Authority does not participate in the Public Employees' Retirement System, but offered all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan utilized an independent plan administrator and permitted employees to defer a portion of their salary until termination, retirement, death, or unforeseeable emergency. The plan administrator was trustee for the assets and the Housing Authority had no liability for the funds. The Housing Authority matched employee contributions in an amount not to exceed 6.2 percent of compensation. As of May 1, 2011, the Housing Authority elected to participate in Social Security's Old-Age, Survivors, and Disability Insurance program.

**NOTE 7 RELATED PARTIES**

The Columbia Valley Housing Association (CVHA), an affiliate, was organized as a separate nonprofit entity in 1996 to purchase land for development of low income, single family, dwelling units. CVHA contracts with the Housing Authority to provide bookkeeping and accounting services. As of December 31, 2013, the Housing Authority had recorded receivables of \$298 from the CVHA.

**NOTE 8 CONTINGENT LIABILITIES**

During 1999, the Housing Authority received \$878,848 from the Washington State Department of Commerce (WSDOC), formerly the Department of Community, Trade and Economic Development, for the expressed purpose of developing the Morning Sun Park project. Repayment of the noninterest bearing loan principal shall be deferred until sale, refinance, change of use or ownership, destruction of the property, or December 31, 2049, whichever occurs first. Upon completion of the deferral period, the loan will be forgiven. Since the probability of repayment is remote, loan proceeds were recorded as a capital grant in 1999.

During 2007 and 2008, the Housing Authority received \$253,949 and \$5,087, respectively, from WSDOC for the purpose of developing the Chelan Bluff project. Repayment of the recoverable grant shall be deferred until sold, refinanced, transferred, the use changes, or August 31, 2046, whichever occurs first. Upon completion of the deferral period, the grant will be forgiven. Since the probability of repayment is remote, grant proceeds were recorded as a capital grants in 2007 and 2008.

During 2007, the Housing Authority was awarded a recoverable grant in the amount of \$1,435,000 from WSDOC for the purpose of developing the Vista Del Rio project. Repayment of the grant shall be deferred until sold, refinanced, transferred, the use changes, or September 30, 2047, whichever occurs first. Upon completion of the deferral period, the grant will be forgiven. Since the probability of repayment is remote, grant proceeds were recorded as a capital grant in 2007.

**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 8    CONTINGENT LIABILITIES (CONTINUED)**

During 2007, the Housing Authority received \$360,000 from WSDOC for the purpose of developing the Columbia Pointe project. Repayment of the recoverable grant shall be deferred until sold, refinanced, transferred, the use changes, or March 31, 2049; whichever occurs first. Upon completion of the deferral period, the grant will be forgiven. Since the probability of repayment is remote, grant proceeds were recorded as a capital grant in 2007. Washington Growers League assumed half the recoverable grant, therefore the potential liability is shared between the two entities.

**NOTE 9    RISK MANAGEMENT**

The Housing Authority is not facing any unnecessary risk and has no settlements that exceeded the insurance coverages traditionally insured with property and casualty insurance. Management is unaware of any loss exposures that may need specialized coverages traditionally excluded in property and casualty insurance.

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

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

General and automobile liability coverages are written on an occurrence basis, without member deductibles. Errors and omissions coverage (which includes employment practices liability) is written on a claims made basis, and the members are responsible for 10 percent of the incurred costs of the claims. (Due to special underwriting circumstances, some members may be subject to a greater errors and omissions co-payment.) The property coverage offered by HARRP is on a replacement cost basis with deductibles ranging from \$1,000 to \$25,000. Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty and forgery or alteration and \$10,000 for theft are also provided, with deductibles the same as property.



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**MCAG NO. 0439**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

Coverage limits for general liability, errors and omissions and property are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. (Some members have chosen greater property limits for higher valued properties.) Limits for automobile liability are \$1,000,000/\$1,000,000. HARRP self-insures the full layer of coverage for liability lines (\$2,000,000 per occurrence and \$2,000,000 annual aggregate). There is no purchased reinsurance above this limit. For property, HARRP retains \$2,000,000 and \$63,000,000 of reinsurance from St. Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP board of directors determines the limits and coverage terms, at its sole discretion.

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

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

**NOTE 10 SUBSEQUENT EVENTS**

The Housing Authority is in discussions with the King County Housing Authority to be a part of a multi-unit purchase. The Housing Authority are discussing the purchase of two senior housing complexes located in Wenatchee. They will have combined total of 85 units and cost approximately \$4.7 million. The expected initial improvements cost is approximately \$200,000 to bring the units up to health and safety codes. The initial financing is from state appropriations grant with improvements to be separately financed through local a local lender. Closing is expected by the end of March 2014.

**NOTE 11 RESTATEMENT OF NET POSITION**

During the year, the Housing Authority Implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 65 states that debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as expense in the period incurred.

GASB No. 65 was implemented retroactively to 2012 and, as a result, reduced net position by \$142,910 as of January 1, 2013, as follows.

Net Position - January 1, 2013, as Originally Stated	\$ 21,171,237
Effect of GASB No. 65	(142,910)
Net Position - January 1, 2013, as Restated	<u>\$ 21,028,327</u>

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Washington State Auditor's Office



**HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE**  
**COMBINING SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**MCAG NO. 0439**  
**YEAR ENDED DECEMBER 31, 2013**

	Washington Square	Wenatchee II	Aplewood	Men/Sun Villa	River Run	Heritage Glen	Chelan Gardens	Enlist Gardens	Gibson Gardens	Vista Del Rio	Chelan Bluff	Garden Haus	Section 8	Morning Sun Park	Bello Rio	Columbia Pointe	General Fund	Inter-Project Eliminations	Total
<b>OPERATING REVENUE</b>																			
Tenant Rental Revenue	\$ 173,592	\$ 173,215	\$ 191,426	\$ 65,353	\$ 58,830	\$ 185,066	\$ 36,160	\$ 79,424	\$ 73,066	\$ 69,481	\$ 106,432	\$ 103,666	\$ 140	\$ 122,780	\$ 163,524	\$ 40,097	\$ -	\$ -	\$ 1,924,232
Other Operating Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	399,617	(374,066)	25,951
Total Operating Revenue	173,592	173,215	191,426	65,353	58,830	185,066	36,160	79,424	73,066	69,481	106,432	103,666	140	122,780	163,524	40,097	399,617	(374,066)	1,949,783
<b>OPERATING EXPENSES</b>																			
Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative Salaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	38,866	34,282	42,547	15,296	14,887	41,007	17,492	50,150	26,461	32,084	32,040	37,361	1,377	35,550	35,136	14,535	247,82	-	2,331,279
Depreciation	56,416	71,038	98,282	25,656	22,760	96,908	19,630	35,448	20,644	110,669	97,462	33,571	427	88,342	138,614	117,075	135	-	394,730
Maintenance Salaries	45,230	44,824	41,407	21,770	21,469	39,979	14,130	21,898	17,140	28,341	19,380	33,444	-	19,935	16,098	28,895	20,334	-	463,206
Maintenance and Repairs	49,131	36,810	74,524	22,472	20,416	37,392	21,259	45,895	32,666	26,664	14,154	33,286	2,768	19,840	44,261	26,010	-	-	1,034,046
Management Fee	25,845	24,689	25,515	13,380	11,556	22,100	13,219	15,948	15,681	18,008	17,071	19,099	-	9,823	16,379	18,408	41,577	(41,840)	409,920
Site Manager Salaries	8,460	8,424	8,337	9,548	14,914	13,656	9,863	18,976	10,888	17,161	8,156	28,542	-	9,241	18,639	16,654	-	(266,901)	507,105
Office Expense	5,233	5,061	5,156	4,260	4,269	7,229	3,763	5,407	4,173	8,106	4,121	6,846	37,967	4,428	5,579	8,150	44,108	(38,400)	295,864
Payroll Taxes	5,386	5,863	5,820	3,684	4,023	5,863	3,581	5,423	3,363	5,423	3,503	7,578	28,819	3,455	4,654	5,540	27,136	-	125,549
Payroll Benefits	9,414	9,030	10,355	6,434	6,718	10,245	4,046	3,706	5,432	8,013	5,255	6,363	7,624	6,420	3,053	6,076	43,559	-	109,108
Administration Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel and Training	1,351	1,388	1,381	1,808	804	1,051	1,709	2,560	1,888	646	1,797	2,266	6,588	2,720	1,840	902	4,058	(7,828)	11,975
Accounting and Auditing Fees	1,385	1,385	1,385	693	693	1,385	693	1,039	854	1,039	854	1,385	18,145	15,520	15,705	1,039	1,863	-	34,717
Insurance	3,081	2,937	4,161	1,369	1,255	2,730	923	1,971	1,442	3,331	3,026	2,031	787	4,442	6,229	4,354	10,827	-	65,001
Advertising	75	75	75	71	62	75	65	76	67	55	86	142	178	61	134	55	221	-	54,886
Office Rent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,097)	401
Legal Fees	1,413	1,019	1,147	1,073	1,920	831	1,500	893	1,790	116	631	505	2,381	7,238	200	-	3,799	-	19,686
Bad Debts	929	6,553	3,570	1,039	900	4,275	4,265	3,235	4,083	2,996	-	1,394	-	1	364	2,070	-	-	35,674
Miscellaneous	18	18	18	472	12	18	12	15	12	15	12	2,540	-	7	10	204	2,747	-	6,300
Total Operating Expenses	254,335	253,355	323,660	128,025	126,678	277,655	115,936	212,720	146,221	263,167	207,555	219,336	2,618,326	211,302	315,578	250,082	441,658	(374,066)	5,981,120
<b>OPERATING (LOSS) INCOME</b>	(80,743)	(80,141)	(132,234)	(63,672)	(67,848)	(112,589)	(79,346)	(133,299)	(73,155)	(193,686)	(101,126)	(112,690)	(2,618,186)	(88,542)	(152,054)	(209,985)	(41,941)	-	(4,341,337)
<b>NONOPERATING REVENUE (EXPENSES)</b>																			
HUD Operating Subsidies	-	-	-	-	-	-	-	177,876	-	-	-	144,816	2,510,955	-	-	-	-	-	2,833,647
Other Operating Grants	-	-	-	-	-	-	-	-	96,200	143,730	64,081	-	-	-	-	171,390	19,332	-	19,332
Other Nonoperating Grants	76,453	72,010	74,018	60,598	74,337	83,411	78,360	6	6	39	39	6	-	311	280	142	-	-	966,578
Interest Income - Reserves	88	191	196	15	49	117	6	43	6	79	39	26	180	9	16	19	64	-	1,568
Interest Income - Other	39	40	13	63,989	23,619	(1)	7,187	41	8,005	56	43	26	1,587	128	17,166	362	13,668	-	103,345
Other Nonoperating Revenue	1,756	1,845	4,102	89,533	6,850	4,071	954	3,603	3,882	1,430	740	1,240	1,587	128	17,166	362	13,668	-	153,117
Interest Expense	(6,206)	(6,771)	(4,860)	(80,220)	(31,340)	(10,480)	(18,823)	(30,649)	(24,448)	(15,429)	(10,234)	(36,465)	-	-	-	(2,532)	-	-	(277,207)
Total Nonoperating Revenue (Expenses)	74,130	67,315	73,769	133,915	73,515	77,118	67,674	150,914	83,645	129,666	54,669	110,623	2,512,732	448	17,462	169,331	33,654	-	3,800,980
<b>(DECREASE) INCREASE IN NET POSITION</b>	(6,613)	(12,826)	(58,665)	70,243	5,667	(36,471)	(11,672)	17,615	10,490	(63,820)	(46,457)	(2,067)	(105,454)	(88,094)	(134,592)	(40,654)	(8,387)	-	(510,757)
Net Position - Beginning, Originally Stated, January 1, 2013	605,745	1,054,660	1,933,735	(197,773)	176,669	1,608,095	198,610	342,936	156,730	3,928,712	2,542,465	111,702	250,453	1,452,531	2,494,668	4,040,600	1,168,874	(897,205)	21,171,237
Prior Period Adjustments	(2,169)	(6,548)	(25,228)	-	-	(6,441)	-	(2,301)	(2,039)	(25,533)	(16,466)	(7,106)	-	-	(48,761)	-	-	-	(42,910)
Net Position - Beginning, as Restated, January 1, 2013	603,576	1,048,112	1,908,509	(197,773)	176,669	1,601,654	196,610	340,635	154,691	3,903,179	2,525,999	104,596	250,453	1,452,531	2,445,907	4,040,600	1,168,874	(897,205)	21,028,327
<b>NET POSITION - END OF YEAR</b>	\$ 597,963	\$ 1,035,286	\$ 1,843,844	\$ (127,530)	\$ 182,286	\$ 1,586,183	\$ 186,638	\$ 359,250	\$ 165,181	\$ 3,837,108	\$ 2,479,542	\$ 102,529	\$ 144,989	\$ 1,364,437	\$ 2,311,315	\$ 3,989,946	\$ 1,160,487	\$ (897,205)	\$ 20,817,570

## HOUSING AUTHORITY OF CHELAN COUNTY AND THE CITY OF WENATCHEE

## MCAG NO. 0439

## COMBINING SCHEDULE OF CASH FLOWS

## YEAR ENDED DECEMBER 31, 2013

	Washington Square	Wenatchee II	Applewood	Man'Sun Villa	River Run	Heritage Glen	Chelan Gardens	Entiat Gardens	Gibson Gardens	Visita Del Rio	Chelan Bluff	Carten Hais	Section 8	Morning Sun Park	Bello Rio	Columbia Pointe	General Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>																		
Receipts from Tenants	\$ 171,352	\$ 159,598	\$ 183,371	\$ 66,168	\$ 57,339	\$ 151,768	\$ 23,690	\$ 79,778	\$ 66,748	\$ 65,653	\$ 105,678	\$ 106,176	\$ (6,633)	\$ 137,004	\$ 155,447	\$ 38,405	\$ 395,750	\$ 1,957,192
Cash Paid to Employees	(91,116)	(89,101)	(86,939)	(65,728)	(59,192)	(78,040)	(43,122)	(63,332)	(50,744)	(72,876)	(52,047)	(82,380)	(194,184)	(54,000)	(75,114)	(71,268)	(300,890)	(1,530,071)
Cash Paid to Suppliers	(109,286)	(90,765)	(138,515)	(62,287)	(52,060)	(100,956)	(54,497)	(110,952)	(78,432)	(88,374)	(61,178)	(91,677)	(2,427,408)	(103,385)	(20,591)	(86,756)	(150,235)	(3,917,589)
Net Cash Provided (Used) by Operating Activities	(29,060)	(20,268)	(42,083)	(41,845)	(53,913)	(27,228)	(73,929)	(94,506)	(62,428)	(95,897)	(7,547)	(77,881)	(2,628,225)	(20,581)	(40,258)	(119,621)	(55,398)	(3,490,468)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>																		
Nonoperating Grants	78,463	72,010	74,018	60,598	74,337	83,411	78,350	177,876	96,200	143,730	64,081	144,816	2,510,955	-	-	171,380	19,632	3,849,757
<b>CASHFLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>																		
Purchases of Capital Assets	-	-	-	(85,315)	(37,019)	-	-	-	-	-	-	-	-	(6,891)	(17,952)	-	-	(147,177)
Principal Paid on Capital Debt	(20,704)	(22,589)	(31,229)	(6,755)	(13,804)	(38,565)	(7,489)	(17,903)	(10,152)	(7,728)	(31,165)	(34,923)	-	-	-	(7,946)	-	(252,950)
Interest Paid on Capital Debt	(6,223)	(6,789)	(4,586)	(80,297)	(31,422)	(10,509)	(18,854)	(30,729)	(24,490)	(15,442)	(10,276)	(35,711)	-	-	-	(2,988)	-	(277,916)
Other Nonoperating Receipts	1,756	1,845	4,102	89,533	6,850	4,071	954	3,603	3,882	1,430	740	1,240	1,597	128	17,166	362	13,858	153,117
Net Cash Provided (Used) by Capital and Related Financing Activities	(25,171)	(27,533)	(31,713)	(84,832)	(75,395)	(45,003)	(25,389)	(45,029)	(30,760)	(21,740)	(40,701)	(68,384)	1,597	(6,763)	(786)	(10,172)	13,858	(524,926)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>																		
Interest Received	39	40	13	63,989	23,619	(1)	7,187	41	8,005	56	43	26	180	9	16	19	64	103,345
Reserve Interest Received	88	191	196	15	49	117	6	43	6	79	39	6	-	311	280	142	-	1,568
Net Cash Provided by Investing Activities	127	231	209	64,004	23,668	116	7,193	84	8,011	135	82	32	180	320	296	161	64	104,913
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	24,349	24,440	431	(2,075)	(31,303)	11,296	(13,775)	38,425	11,023	26,428	15,915	(2,427)	(115,493)	(27,024)	(40,748)	41,758	(21,844)	(60,724)
Cash and Cash Equivalents - Beginning of Year	151,525	285,960	260,280	61,761	97,707	149,809	45,380	81,927	56,938	154,496	96,394	49,410	262,180	187,007	225,766	170,720	86,648	2,422,888
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 175,874</b>	<b>\$ 310,400</b>	<b>\$ 260,711</b>	<b>\$ 59,686</b>	<b>\$ 66,404</b>	<b>\$ 161,105</b>	<b>\$ 31,605</b>	<b>\$ 120,352</b>	<b>\$ 67,961</b>	<b>\$ 180,924</b>	<b>\$ 111,309</b>	<b>\$ 46,983</b>	<b>\$ 146,667</b>	<b>\$ 159,983</b>	<b>\$ 185,018</b>	<b>\$ 212,478</b>	<b>\$ 64,704</b>	<b>\$ 2,362,164</b>
<b>RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>																		
Operating (Loss) Income	\$ (80,743)	\$ (80,141)	\$ (132,434)	\$ (63,672)	\$ (67,848)	\$ (112,589)	\$ (79,346)	\$ (133,299)	\$ (73,155)	\$ (93,886)	\$ (101,126)	\$ (112,690)	\$ (2,618,186)	\$ (88,542)	\$ (52,054)	\$ (209,985)	\$ (41,841)	\$ (4,341,337)
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:																		
Depreciation	58,416	71,038	98,262	25,656	22,780	95,908	19,630	35,448	20,644	110,469	97,462	33,571	427	68,342	138,614	117,075	20,304	1,034,046
Change in Operating Assets and Liabilities:																		
Accounts Receivable	(3,873)	(313)	(2,567)	(5,090)	(2,346)	(2,782)	(4,259)	1,803	(6,740)	(10,464)	(2,011)	587	(10,758)	1,152	2,209	(25,704)	(22,548)	(93,694)
Prepaid Expenses	-	-	-	-	-	-	-	-	-	-	-	-	12,989	-	-	-	(1,155)	11,834
Accounts Payable	(952)	(10,907)	(5,533)	(463)	(6,371)	(6,094)	(10,605)	1,786	(3,099)	(1,619)	(2,852)	927	1,634	3,339	(19,774)	(674)	(3,867)	(85,114)
Deferred Revenue	(649)	682	(67)	(6)	103	(402)	378	1,134	357	15	1,358	746	(570)	3,392	1,598	-	-	8,069
Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51	51
Compensated Absences Payable	(816)	(786)	256	214	(731)	(9)	(53)	(244)	65	(307)	(378)	(666)	(5,924)	(280)	22	(333)	(6,870)	(16,840)
Accrued Payroll Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	528	528
Tenant Deposits Payable	(443)	159	-	1,506	500	(1,260)	326	(1,134)	(500)	(105)	-	(366)	-	(7,984)	(10,873)	-	-	(20,174)
Family Self-Sufficiency Payable	-	-	-	-	-	-	-	-	-	-	-	-	(7,837)	-	-	-	-	(7,837)
Net Cash Provided (Used) by Operating Activities	\$ (29,060)	\$ (20,268)	\$ (42,083)	\$ (41,845)	\$ (53,913)	\$ (27,228)	\$ (73,929)	\$ (94,506)	\$ (62,428)	\$ (95,897)	\$ (7,547)	\$ (77,881)	\$ (2,628,225)	\$ (20,581)	\$ (40,258)	\$ (119,621)	\$ (55,398)	\$ (3,490,468)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****For the Year Ended December 31, 2013**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759501 1		425,585	425,585	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759501 1		185,473	185,473	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759502 5		531,868	531,868	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759502 5		96,469	96,469	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759502 5		38,369	38,369	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759504 9		441,671	441,671	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759507 4		545,094	545,094	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759511 6		610,710	610,710	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759512 8		182,062	182,062	
Rural Housing Service, Department Of Agriculture/	Farm Labor Housing Loans and Grants	10.405	56-004-91115759513-0		255,181	255,181	
<b>Total CFDA 10.405</b>				<b>0</b>	<b>3,312,482</b>	<b>3,312,482</b>	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

**For the Year Ended December 31, 2013**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures		Footnote Ref
				From Pass-Through Awards	From Direct Awards	
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 03 7		490,130	490,130
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 03 7		258,146	258,146
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 03-7		63,948	63,948 3
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 06 2		331,408	331,408
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 06 2		102,047	102,047
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 06-2		23,600	23,600 3
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 08 6		183,265	183,265
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-009-911157595 08-6		7,169	7,169 3
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 10 4		300,706	300,706
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-004-911157595 09 8		223,949	223,949
Rural Housing Service, Department Of Agriculture/	Rural Rental Housing Loans	10.415	56-009-911157595 09-8		7,978	7,978 3
<b>Total CFDA 10.415</b>				<b>0</b>	<b>1,992,346</b>	<b>1,992,346</b>

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended December 31, 2013**

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total Amount	
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development/	Section 8 Housing Assistance Payments Program	14.195	WA19M000104		144,816	144,816	
Office Of Housing-federal Housing Commissioner, Department Of Housing And Urban Development/	Section 8 Housing Assistance Payments Program	14.195	WA19R000018		177,876	177,876	
<b>Total CFDA 14.195</b>				<b>0</b>	<b>322,692</b>	<b>322,692</b>	
Office Of Public And Indian Housing, Department Of Housing And Urban Development/	Section 8 Housing Choice Vouchers	14.871	WA064		2,510,955	2,510,955	4
<b>Total Federal Awards Expended:</b>				<b>0</b>	<b>8,138,475</b>	<b>8,138,475</b>	

The accompanying notes to the Schedule of Expenditures are an integral part of this schedule

**Housing Authority of Chelan County and the City of Wenatchee**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**January 1, 2013 through December 31, 2013**

**NOTE 1 – BASIS OF ACCOUNTING**

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

**NOTE 2 – PROGRAM COSTS**

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

**NOTE 3 – RURAL RENTAL HOUSING LOAN SUBSIDY CREDIT**

The Rural Housing Service provides the Rural Rental Housing Loan Subsidy Credit for ManSun Villa, River Run, Chelan Gardens, and Gibson Gardens to reduce the effective interest rate of the loan. The Housing Authority records interest expense on the loan net of the subsidy credit.

**NOTE 4 – HOUSING CHOICE VOUCHER PROGRAM EXPENDITURES**

HUD interprets federal awards expended for the Housing Choice Voucher program (CFDA 14.871) as the net ACC subsidy for the fiscal year (Section 8 dollars received net of year-end adjustments) which was \$2,510,955 in 2013. Actual expenditures for 2013 were \$2,618,326.

# Financial Data Schedule - Entity Wide Balance Sheet Summary

WA064

12/31/2013

	Business Activities	Component Units	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	Rural Rental Housing Loans 10.415	N/CS/R Section 8 Programs 14.195	TOTAL
111 Cash - Unrestricted	64,704	8,596	23,610	233,339	178,199	25,928	534,376
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted		314,606	120,276	1,111,366	127,312	12,122	1,685,682
114 Cash - Tenant Security Deposits		21,799	2,781	68,096	40,497	8,933	142,106
115 Cash - Restricted for Payment of Current Liabilities							
<b>100 Total Cash</b>	<b>64,704</b>	<b>345,001</b>	<b>146,667</b>	<b>1,412,801</b>	<b>346,008</b>	<b>46,983</b>	<b>2,362,164</b>
121 Accounts Receivable - PHA Projects							-
122 Accounts Receivable - HUD Other Projects							-
124 Accounts Receivable - Other Government	38,487			59,405	21,122		119,014
125 Accounts Receivable - Miscellaneous							-
126 Accounts Receivable - Tenants		991		5,008	3,628	1	9,628
126.1 Allowance for Doubtful Accounts - Tenants						-	-
126.2 Allowance for Doubtful Accounts - Other							-
127 Notes, Loans, & Mortgages Receivable - Current							-
128 Fraud Recovery			10,686				10,686
128.1 Allowance for Doubtful Accounts - Fraud							-
129 Accrued Interest Receivable							-
<b>120 Total Receivables, Net of Allowances for Doubtful</b>	<b>38,487</b>	<b>991</b>	<b>10,686</b>	<b>64,413</b>	<b>24,750</b>	<b>1</b>	<b>139,328</b>
131 Investments - Unrestricted							-
132 Investments - Restricted							-
135 Investments - Restricted for Payment of Current Liability							-
142 Prepaid Expenses and Other Assets	13,825	7,042			-	-	20,867
143 Inventories							-
143.1 Allowance for Obsolete Inventories							-
144 Inter Program Due From	109,944						109,944
145 Assets Held for Sale							-
<b>150 Total Current Assets</b>	<b>226,960</b>	<b>353,034</b>	<b>157,353</b>	<b>1,477,214</b>	<b>370,758</b>	<b>46,984</b>	<b>2,632,303</b>
161 Land	246,804	220,582	-	1,402,004	427,240	285,000	2,581,630
162 Buildings	-	5,705,149	-	21,147,108	3,773,968	799,109	31,425,334
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	147,680	45,261	22,967	212,586	77,778	17,438	523,710
165 Leasehold Improvements	34,112	1,128,670	-	2,856,611	208,311	20,515	4,248,219
166 Accumulated Depreciation	(122,511)	(1,800,889)	(22,950)	(6,987,243)	(1,440,690)	(426,543)	(10,800,826)
167 Construction in Progress	-	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>306,085</b>	<b>5,298,773</b>	<b>17</b>	<b>18,631,066</b>	<b>3,046,607</b>	<b>695,519</b>	<b>27,978,067</b>
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non Current - Past							
173 Grants Receivable - Non Current							
174 Other Assets							
176 Investments in Joint Ventures							
<b>180 Total Non-Current Assets</b>	<b>306,085</b>	<b>5,298,773</b>	<b>17</b>	<b>18,631,066</b>	<b>3,046,607</b>	<b>695,519</b>	<b>27,978,067</b>
<b>190 Total Assets</b>	<b>533,045</b>	<b>5,651,807</b>	<b>157,370</b>	<b>20,108,280</b>	<b>3,417,365</b>	<b>742,503</b>	<b>30,610,370</b>

# Financial Data Schedule - Entity Wide Balance Sheet Summary

WA064

12/31/2013

	Business Activities	Component Units	Housing Choice Vouchers 14,871	Farm Labor Housing Loans and Grants 10,405	Rural Rental Housing Loans 10,415	N/CS/R Section 8 Programs 14,195	TOTAL
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	2,553	16,215	1,650	27,722	25,405	7,705	81,250
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	54,678	-	-	-	-	-	54,678
322 Accrued Compensated Absences - Current Portion	12,532	2,513	6,577	25,267	7,786	(235)	54,440
324 Accrued Contingency Liability	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	5,303	6,688	4,588	16,579
331 Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	22,305	-	68,808	42,237	8,933	142,283
342 Deferred Revenues	-	5,092	191	5,950	2,501	771	14,505
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	139,736	83,778	36,850	260,364
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-
347 Inter Program - Due To	-	82,944	-	21,000	6,000	-	109,944
348 Loan Liability - Current	-	-	-	-	-	-	-
<b>310 Total Current Liabilities</b>	<b>69,763</b>	<b>129,069</b>	<b>8,418</b>	<b>293,786</b>	<b>174,395</b>	<b>58,612</b>	<b>734,043</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	-	1,846,986	-	4,448,691	2,477,765	581,362	9,354,804
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	3,953	-	-	-	3,953
354 Accrued Compensated Absences - Non Current	-	-	-	-	-	-	-
355 Loan Liability - Non Current	-	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
<b>350 Total Non-Current Liabilities</b>	<b>-</b>	<b>1,846,986</b>	<b>3,953</b>	<b>4,448,691</b>	<b>2,477,765</b>	<b>581,362</b>	<b>9,358,757</b>
<b>300 Total Liabilities</b>	<b>69,763</b>	<b>1,976,055</b>	<b>12,371</b>	<b>4,742,477</b>	<b>2,652,160</b>	<b>639,974</b>	<b>10,092,800</b>
508.4 Net Investment in Capital Assets	306,085	3,451,787	17	14,042,639	485,064	77,307	18,362,899
509.2 Fund Balance Reserved							
511.2 Unreserved, Designated Fund Balance							
511.4 Restricted Net Position	-	314,100	120,276	1,110,684	125,572	12,122	1,682,754
512.4 Unrestricted Net Position	157,197	(90,135)	24,706	212,480	154,569	13,100	471,917
512.2 Unreserved, Undesignated Fund Balance							
<b>513 Total Equity/Net Assets</b>	<b>463,282</b>	<b>3,675,752</b>	<b>144,999</b>	<b>15,365,803</b>	<b>765,205</b>	<b>102,529</b>	<b>20,517,570</b>
<b>600 Total Liabilities and Equity/Net Assets</b>	<b>533,045</b>	<b>5,651,807</b>	<b>157,370</b>	<b>20,108,280</b>	<b>3,417,365</b>	<b>742,503</b>	<b>30,610,370</b>



# Financial Data Schedule - Entity Wide Revenue and Expense Summary

WA064

12/31/2013

	Business Activities	Component Units	Housing Choice Vouchers 14,871	Farm Labor Housing Loans and Grants 10,405	Rural Rental Housing Loans 10,415	N/CS/R Section 8 Programs 14,195	Total
70300 Net Tenant Rental Revenue	-	286,284	-	919,309	313,707	105,666	1,624,966
70400 Tenant Revenue - Other	-	-	-	-	-	-	-
<b>70500 Total Tenant Revenue</b>	-	<b>286,284</b>	-	<b>919,309</b>	<b>313,707</b>	<b>105,666</b>	<b>1,624,966</b>
70600 HUD PHA Operating Grants	-	-	2,510,955	-	177,876	144,816	2,833,647
70610 Capital Grants	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-
70800 Other Government Grants	19,532	-	-	687,093	412,181	-	1,118,806
71100 Investment Income - Unrestricted	64	25	-	209	145	26	469
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	570	-	-	-	570
71500 Other Revenue	39,409	17,294	1,167	14,306	103,948	1,240	177,364
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	591	180	852	119	6	1,748
<b>70000 Total Revenue</b>	<b>59,005</b>	<b>304,194</b>	<b>2,512,872</b>	<b>1,621,769</b>	<b>1,007,976</b>	<b>251,754</b>	<b>5,757,570</b>
91100 Administrative Salaries	247,182	-	57,548	-	-	-	304,730
91200 Auditing Fees	1,963	31,225	18,145	8,472	3,811	1,385	65,001
91300 Management Fee	-	-	-	-	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-
91400 Advertising and Marketing	221	195	178	496	341	142	1,573
91500 Employee Benefit contributions - Administrative	44,362	-	12,732	-	-	-	57,094
91600 Office Expenses	46,855	9,975	43,361	26,650	10,395	6,989	144,225
91700 Legal Expense	3,799	753	2,391	5,272	7,176	505	19,896
91800 Travel	4,058	4,560	6,588	8,496	8,749	2,266	34,717
91810 Allocated Overhead	-	-	-	-	-	-	-
91900 Other	-	-	-	-	-	-	-
<b>91000 Total Operating - Administrative</b>	<b>348,440</b>	<b>46,708</b>	<b>140,943</b>	<b>49,386</b>	<b>30,472</b>	<b>11,287</b>	<b>627,236</b>
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	27,880	94,305	80,848	64,089	28,542	295,664
92200 Relocation Costs	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	5,088	21,204	20,385	13,059	3,174	62,910
92400 Tenant Services - Other	-	-	-	-	-	-	-
<b>92500 Total Tenant Services</b>	-	<b>32,968</b>	<b>115,509</b>	<b>101,233</b>	<b>77,148</b>	<b>31,716</b>	<b>358,574</b>
93100 Water	-	22,456	-	74,470	39,319	3,486	139,731
93200 Electricity	135	3,297	1,377	26,422	13,848	11,485	56,564
93300 Gas	-	-	-	-	-	-	-
93400 Fuel	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-
93600 Sewer	-	21,186	-	62,559	43,856	19,814	147,415
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	23,747	-	71,910	27,263	2,576	125,496
<b>93000 Total Utilities</b>	<b>135</b>	<b>70,686</b>	<b>1,377</b>	<b>235,361</b>	<b>124,286</b>	<b>37,361</b>	<b>469,206</b>
94100 Ordinary Maintenance and Operations - Labor	-	36,003	-	242,066	96,407	35,444	409,920
94200 Ordinary Maintenance and Operations - Materials and	41,577	58,581	2,768	244,785	129,158	30,236	507,105
94300 Ordinary Maintenance and Operations Contracts	-	-	-	-	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	-	9,119	-	55,359	24,050	7,944	96,472
<b>94000 Total Maintenance</b>	<b>41,577</b>	<b>103,703</b>	<b>2,768</b>	<b>542,210</b>	<b>249,615</b>	<b>73,624</b>	<b>1,013,497</b>
95100 Protective Services - Labor	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
<b>95000 Total Protective Services</b>	-	-	-	-	-	-	-
96110 Property Insurance	10,267	10,671	-	24,120	6,960	2,031	54,049
96120 Liability Insurance	-	-	787	-	-	-	787
96130 Workmen's Compensation	-	-	-	-	-	-	-
96140 All Other Insurance	-	-	-	-	-	-	-
<b>96100 Total insurance Premiums</b>	<b>10,267</b>	<b>10,671</b>	<b>787</b>	<b>24,120</b>	<b>6,960</b>	<b>2,031</b>	<b>54,836</b>
96200 Other General Expenses	-	-	-	-	-	-	-
96210 Compensated Absences	20,735	3,375	10,836	20,365	8,638	2,823	66,772
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-

# Financial Data Schedule - Entity Wide Revenue and Expense Summary

WA064

12/31/2013

	Business Activities	Component Units	Housing Choice Vouchers	Farm Labor Housing Loans and Grants	Rural Rental Housing Loans	N/CS/R Section 8 Programs	Total
96400 Bad debt - Tenant Rents			14,871	10,405			-
96500 Bad debt - Mortgages							-
96600 Bad debt - Other		365		20,393	13,522	1,394	35,674
96800 Severance Expense							-
<b>96000 Total Other General Expenses</b>	<b>20,735</b>	<b>3,740</b>	<b>10,836</b>	<b>40,758</b>	<b>22,160</b>	<b>4,217</b>	<b>102,446</b>
96710 Interest of Mortgage (or Bonds) Payable	-						
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	56,262	185,480	35,465	277,207
96730 Amortization of Bond Issue Costs							
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,262</b>	<b>185,480</b>	<b>35,465</b>	<b>277,207</b>
<b>96900 Total Operating Expenses</b>	<b>421,154</b>	<b>268,476</b>	<b>272,220</b>	<b>1,049,330</b>	<b>696,121</b>	<b>195,701</b>	<b>2,903,002</b>
<b>97000 Excess of Operating Revenue over Operating</b>	<b>(362,149)</b>	<b>35,718</b>	<b>2,240,652</b>	<b>572,439</b>	<b>311,855</b>	<b>56,053</b>	<b>2,854,568</b>
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments			2,331,279				2,331,279
97350 HAP Portability-In			-				-
97400 Depreciation Expense	20,304	206,956	427	648,630	124,158	33,571	1,034,046
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds	-	-					
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
<b>90000 Total Expenses</b>	<b>441,458</b>	<b>475,432</b>	<b>2,603,926</b>	<b>1,697,960</b>	<b>820,279</b>	<b>229,272</b>	<b>6,268,327</b>
10010 Operating Transfer In	374,066	-	-	-	-	-	374,066
10020 Operating transfer Out	-	(51,448)	(14,400)	(188,315)	(95,354)	(24,549)	(374,066)
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 Project and Program - Out	-	-	-	-	-	-	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>374,066</b>	<b>(51,448)</b>	<b>(14,400)</b>	<b>(188,315)</b>	<b>(95,354)</b>	<b>(24,549)</b>	<b>-</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>(8,387)</b>	<b>(222,686)</b>	<b>(105,454)</b>	<b>(264,506)</b>	<b>92,343</b>	<b>(2,067)</b>	<b>(510,757)</b>
11020 Required Annual Debt Principal Payments	-	-	-	159,924	58,124	34,922	252,970
11030 Beginning Equity	471,669	-	250,453	15,713,012	677,202	111,702	17,224,038
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	3,898,438	-	(82,703)	(4,340)	(7,106)	3,804,289
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	-	-	-	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	-	24,722	-	-	-	24,722
11180 Housing Assistance Payments Equity	-	-	120,277	-	-	-	120,277
11190 Unit Months Available	-	540	5,823	2,184	1,212	384	10,143
11210 Number of Unit Months Leased	-	540	5,702	2,040	1,192	381	9,855
11270 Excess Cash							
11610 Land Purchases							
11620 Building Purchases							
11630 Furniture & Equipment - Dwelling Purchases							
11640 Furniture & Equipment - Administrative Purchases							
11650 Leasehold Improvements Purchases							
11660 Infrastructure Purchases							
13510 CFFP Debt Service Payments							
13901 Replacement Housing Factor Funds							

## ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

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.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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