



Office of the Washington State Auditor
Pat McCarthy

**Financial Statements and Federal Single Audit
Report**

Housing Authority of Asotin County

For the period January 1, 2017 through December 31, 2017

Published August 16, 2018

Report No. 1021935





**Office of the Washington State Auditor
Pat McCarthy**

August 16, 2018

Board of Commissioners
Housing Authority of Asotin County
Clarkston, Washington

Report on Financial Statements and Federal Single Audit

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

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

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Housing Authority of Asotin County January 1, 2017 through December 31, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

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

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

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

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

Identification of Major Federal Programs:

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

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

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

The Housing Authority did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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

Housing Authority of Asotin County January 1, 2017 through December 31, 2017

Board of Commissioners
Housing Authority of Asotin County
Clarkston, 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 Asotin County, Washington, as of and for the year ended December 31, 2017, 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 July 26, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

In addition, we noted certain matters that we will report to the management of the Housing Authority in a separate letter dated August 8, 2018.


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.



Pat McCarthy

State Auditor

Olympia, WA

July 26, 2018

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

**Housing Authority of Asotin County
January 1, 2017 through December 31, 2017**

Board of Commissioners
Housing Authority of Asotin County
Clarkston, Washington

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

We have audited the compliance of the Housing Authority of Asotin County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2017. The Housing Authority's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

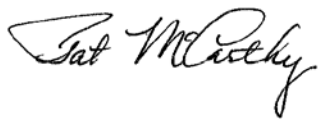
Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance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

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

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

Purpose of this Report

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

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

July 26, 2018

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Housing Authority of Asotin County January 1, 2017 through December 31, 2017

Board of Commissioners
Housing Authority of Asotin County
Clarkston, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Housing Authority of Asotin County, Washington, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed on page 14.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the Housing Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of Asotin County, as of December 31, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Financial Data Schedule and HUD form are supplementary information required by HUD. These schedules are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2018 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.



Pat McCarthy
State Auditor
Olympia, WA

July 26, 2018

FINANCIAL SECTION

Housing Authority of Asotin County January 1, 2017 through December 31, 2017

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2017

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2017

Statement of Revenues, Expenses, and Changes in Net Position – 2017

Statement of Cash Flows – 2017

Notes to Financial Statements – 2017

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Pension Funding – 2017

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2017

Notes to the Schedule of Expenditures of Federal Awards – 2017

Financial Data Schedule – Entity Wide Balance Sheet Summary – 2017

Financial Data Schedule – Entity Wide Revenue and Expense Summary – 2017

Actual Modernization Cost Certificate – WA19P017501-15

HOUSING AUTHORITY OF ASOTIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the Authority's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of revenues, expenses, and changes in net position provide information about the activities of the Authority as a whole and present a long-term view of the Authority's finances. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of net position presents the assets, liabilities, deferred outflows of resources, deferred inflows of resources and net position of the Authority at the end of the fiscal year. The difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources equals the Authority's net position. It also provides the basis of computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through the user fees and other charges, profitability, and credit worthiness. The final required statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the current period. The statement reports cash receipts, cash payments, net changes in cash resulting from operations, investing, and capital and non-capital financing activities, and provides answers to such questions as "from where did cash come"? "For what was cash used"? and "what was the change in cash balance during the reporting period?"

FINANCIAL ANALYSIS OF THE AUTHORITY AS A WHOLE

One of the most important questions asked about the Authority's finances is "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information about the Authority's activities in a way that will help answer this question. These statements include all assets, liabilities, and deferred outflow/inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net position and changes to it. You can think of the Authority's net position – the difference (assets and deferred outflows of resources) and (liabilities and deferred inflows of resources) – as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are indicators of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation. The Authority's total net position decreased from last year by \$136,468. Our analysis focuses on the Authority's net position (Table 1) and changes in net position (Table 2).

HOUSING AUTHORITY OF ASOTIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 1
STATEMENT OF NET POSITION

	2017	2016
Current and other assets	\$ 843,010	\$ 924,360
Capital assets	2,921,318	3,061,528
Total assets	3,764,328	3,985,888
Deferred Outflow of Resources	40,184	62,472
Current liabilities	98,929	151,046
Noncurrent liabilities	998,374	1,090,594
Total liabilities	1,097,303	1,241,640
Deferred Inflow of Resources	58,275	21,319
Net position		
Net investment in capital assets	2,284,275	2,424,486
Restricted	-	25,364
Unrestricted	364,658	335,551
Total net position	\$ 2,648,933	\$ 2,785,401

The changes in the Authority's net position can be determined by reviewing the following condensed statement of revenues, expenses, and changes in net position for the year.

HOUSING AUTHORITY OF ASOTIN COUNTY**MANAGEMENT'S DISCUSSION AND ANALYSIS**

TABLE 2**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	2017	2016
Operating revenues	574,484	539,894
Nonoperating revenues	1,497,703	1,519,690
Total revenues	2,072,187	2,059,584
Operating expenses	2,335,894	2,387,908
Nonoperating expenses	0	0
Total expenses	2,335,894	2,387,908
Loss before contributions and transfers	(263,707)	(328,324)
Capital contributions	127,239	258,649
Change in net position	(136,468)	(69,675)
Total net position - beginning	2,785,401	2,857,584
Change in accounting principle		(2,508)
Total net position - ending	\$ 2,648,933	\$ 2,785,401

Public Housing HUD payments were down due to HUD recapturing reserves.

The change in net position decreased from the prior year by \$136,468.

HOUSING AUTHORITY OF ASOTIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the Authority had \$13.831 million invested in a broad range of capital assets, including buildings, site improvements, dwelling equipment, and operating equipment. This amount represents a net decrease (including additions and deductions) of nearly \$140,210 or nearly 5 percent from last year. These changes are presented in detail in Note 3 to the financial statements.

TABLE 3

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	2017	2016
Land	\$ 661,240	\$ 661,240
Buildings	12,508,169	12,320,258
Equipment		
Dwelling	148,150	141,586
Administrative	180,305	189,611
Accumulated depreciation	(10,909,214)	(10,659,750)
Construction in progress	332,668	408,583
Total	\$ 2,921,318	\$ 3,061,528

Additional information on the capital assets can be found in Note 3 of this report.

HOUSING AUTHORITY OF ASOTIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following reconciliation summarizes the change in capital assets:

TABLE 4
CHANGE IN CAPITAL ASSETS

Beginning balance		\$ 13,721,278
Additions	\$ 4,652	
Retirements	(22,637)	
Additions – construction in progress	127,239	
Balance, prior to depreciation		13,830,532
Depreciation	(10,909,214)	
Ending balance, net of depreciation		\$ 2,921,318

DEBT

The Authority entered into an agreement with the Washington Department of Community, Trade, and Economic Development for a recoverable grant in the amount of \$637,042. This recoverable grant is to acquire land and the new construction of five units at 1207 Washington Street in Clarkston, Washington. If certain conditions are met, there will be no requirement to repay the recoverable grant to the State of Washington. Additional information on debt can be found in Note 7 of this report.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

Total tenant revenue reflects a 10 percent increase in 2017 compared to 2016 due to fewer vacancies and more tenants with higher income.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, customers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions or need additional financial information, contact the Authority at 1212 Fair Street, Clarkston, Washington.

HOUSING AUTHORITY OF ASOTIN COUNTY

STATEMENT OF NET POSITION December 31, 2017

ASSETS

Current assets

Cash and cash equivalents	\$ 107,377
Cash - security deposits	20,415
Cash - restricted	-
Accounts receivable, net of allowance for doubtful accounts	31,922
Investments - unrestricted	615,780
Investments - restricted	32,884
Inventory	34,632
Total current assets	<u>843,010</u>

Noncurrent assets

Capital assets

Land-- (non depreciable)	252,138
Land improvements	409,102
Buildings	12,508,169
Furniture and equipment	328,455
Construction in progress (non depreciable)	332,668
Accumulated depreciation	(10,909,214)
Total capital assets, net of depreciation	<u>2,921,318</u>

Total assets	<u>3,764,328</u>
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Deferred outflows of resources	<u>40,184</u>
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LIABILITIES

Current liabilities

Accounts payable	8,356
Tenant security deposits	41,645
Accrued Compensated Absences, Current Portion	7,449
Loan Liability - Current	15,000
Unearned revenue	26,479
Total current liabilities	<u>98,929</u>

Noncurrent liabilities

Accrued Compensated Absences, Net of Current	50,798
Mortgage payable	637,042
Net pension liability	310,534
Total noncurrent liabilities	<u>998,374</u>

Total liabilities	<u>1,097,303</u>
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Deferred inflows of resources	<u>58,275</u>
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NET POSITION

Net investment in capital assets	2,284,275
Restricted for housing assistance payments	-
Unrestricted	364,658
Total net position	<u>\$ 2,648,933</u>

That accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF ASOTIN COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION Year Ended December 31, 2017

OPERATING REVENUES	
Rental revenue	\$ 475,897
Other operating revenues	98,587
Total operating revenues	<u>574,484</u>
OPERATING EXPENSES	
Housing assistance payments	1,080,974
Administration	426,012
Utilities	159,060
Ordinary maintenance	380,126
Depreciation expense	271,760
General expense	17,962
Total operating expenses	<u>2,335,894</u>
OPERATING LOSS	<u>(1,761,410)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,388
Loss on disposal of assets	(343)
Annual contributions-HUD	1,369,501
HUD administration revenue	126,157
Total nonoperating revenues (expenses)	<u>1,497,703</u>
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(263,707)
CAPITAL CONTRIBUTIONS	<u>127,239</u>
CHANGE IN NET POSITION	(136,468)
NET POSITION, beginning of year	2,785,401
PRIOR PERIOD ADJUSTMENT	<u> </u>
NET POSITION, end of year	<u><u>\$ 2,648,933</u></u>

That accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF ASOTIN COUNTY

STATEMENT OF CASH FLOWS Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants	\$ 462,758
Other operating revenues	124,829
Cash used for housing assistance and family self-sufficiency payments	(1,080,974)
Cash payments to employees for labor and fringe benefits	(590,696)
Cash payments to suppliers for goods and services	(371,852)
Net cash used by operating activities	<u>(1,455,935)</u>
CASH FLOWS FROM NONCAPITAL FINANCING AND RELATED ACTIVITIES	
Grant proceeds received	1,484,859
Net cash provided by noncapital financing and related activities	<u>1,484,859</u>
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES	
Acquisition and construction of capital assets	(263,763)
Cash received from modernization grant	127,239
Proceeds of sale of assets	-
Net cash used by capital and related activities	<u>(136,524)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment in certificate of deposits	34,670
Interest on investments	2,624
Net cash provided by investing activities	<u>37,294</u>
Net change in cash and cash equivalents	(70,306)
BEGINNING CASH AND CASH EQUIVALENTS	<u>198,098</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 127,792</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (1,761,410)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	271,760
Adjustment to prior year equity	-
Changes in:	
Accounts receivable	(10,017)
Inventory	1,406
Deferred outflows/inflows	7,856
Accounts payable	1,775
Tenant security deposits	2,177
Accrued Compensated Absences	4,039
Unearned revenue	26,479
Net cash used by operating activities	<u>\$ (1,455,935)</u>

That accompanying notes are an integral part of this financial statement.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Entity. The Housing Authority of Asotin County provides low-income housing in Asotin County, Washington, and operates under the directives of federal, state, and local regulatory agencies, including, but not limited to HUD. The Authority was incorporated in 1951 and operates under the laws of the State of Washington applicable to a public housing authority. A five-member board of commissioners governs the Authority. Under the requirements of RCW 35.82.040, the Board is appointed by the Asotin County Commissioners.

The accounting policies and financial reporting practices of the Authority conform in all material respects to accounting principles generally accepted in the United States of America as applicable to units of government, as issued by the Governmental Accounting Standards Board (GASB).

The more significant accounting policies established in GAAP and used by the Authority are discussed below:

Scope of Entity. The Authority's financial statements include the financial position, results of operations, and cash flows of all operations that the Authority manages. There are no organizations or funds that the Authority has control over, or to which the Authority contributes resources, that are not included in the Authority's financial statement.

U.S. Department of Housing and Urban Development (HUD) Programs. The Housing Authority participates in several HUD programs, which are essential to the operations of the Authority. The development and modernization of substantially all of the Authority's housing units were funded through HUD loans and grants.

The Authority receives a monthly operating subsidy from HUD to subsidize tenant rents. Tenants pay 30 percent of their adjusted gross income as their share of the rent and utilities and HUD subsidizes the balance of the rent payment. This subsidy amounted to 37 percent in 2017 (40 percent in 2016) of the operating revenues for the Public Housing Fund.

The Authority also administers a Section-8 Housing Choice Voucher for HUD in Asotin County. The Authority pays private landlords a rent subsidy on behalf of qualified families. Families pay not more than 40 percent of their adjusted gross income for their share of the rent and utilities at initial lease-up. The Section-8 Program pays the difference between the family's share and the total rent (contract rent) for the unit, which is negotiated between the landlord and the Authority. The contract rent amount is limited by the Fair Market Rent limits for Asotin County. The Authority is paid a fee for administering the program.

Economic Resources Measurement Focus and Accrual Basis of Accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and contributions of building improvements. Revenue from grants and contributions of building improvements are recognized in the fiscal year in which all eligibility requirements have been satisfied.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Economic Resources Measurement Focus and Accrual Basis of Accounting (Continued).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenue of the Authority is rental income. Operating expenses include housing assistance payments, administration, and depreciation on capital assets.

Fund Accounting. The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain funding sources or activities.

The Authority uses the following funds:

Proprietary Fund Type

Enterprise Fund - Enterprise funds are used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, management control, and accountability. The Authority uses one enterprise fund that has five programs: (1) Public Housing Program, (2) Fairhaven Homes, (3) Capital Fund Program, (4) Housing Choice Voucher Program, and (5) Local Funds.

Cash and Investments. Cash includes all bank checking accounts and cash funds, and investments with an original maturity date of less than 90 days. Surplus cash is invested in certificates of deposit and savings accounts with banks approved by the Public Deposit Protection Commission and are covered by FDIC insurance with Banner Bank and the Public Deposit Protection Commission. Anything beyond what Banner Bank (FDIC) will cover the Washington Depository Commission guarantees. Investments are reflected at amortized cost, which approximates market value. For the purposes of the statement of cash flows, the Authority considers cash and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents. On December 31, 2017 the Housing Authority had \$107,377 in cash and cash equivalents and \$20,415 in checking account for tenant security deposits. Investments on December 31, 2017 totaled \$622,014 and another \$26,650 in certificates of deposit for tenant security deposits.

Receivables. Receivables include amounts due from tenants for rent, miscellaneous work orders, and late fees. Vacated accounts with a balance due are allowed one month to make arrangements to pay. Outstanding accounts over one month old are written off and turned over to collection if the tenant does not respond and make arrangements. The Authority provides a reserve for uncollectable accounts based upon past experience of bad debt. Management has determined that the allowance at current year-end of \$1,000 is appropriate.

Inventory. Inventory consists primarily of repair and maintenance supplies and is valued at the lower of cost or market. In general, cost is determined on the basis of average cost.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets. See Note 3, *Capital Assets*

Capital assets, which include property, buildings, and equipment are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the housing authority as assets with an initial, individual cost of more than \$ 500 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Upon disposal of an asset, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in income.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as construction projects are finished.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Site Improvements	15
Structures	25
Equipment	3-10

Compensated Absences. The Authority accrues compensated absences. The liability to pay accrued vacation is kept in a separate bank account and liability account and is adjusted at year-end. Vacation leave may be accumulated up to 30 days and is payable upon resignation, retirement, or death.

Budgetary Data. Budget procedures are mandated by HUD in the *Financial Development Systems Handbook*, 7475.1. The budget, as adopted and approved by the Housing Authority Board, constitutes the authority for expenditures. All appropriations lapse at year-end. Budgeting, accounting, and reporting are on the same basis of accounting.

Use of Estimates. Management of the Authority uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

Net Positions. Net positions are divided into three components:

Net Investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

Restricted net position—consists of net position that is restricted by HUD for the future payments for housing assistance.

Unrestricted—all other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

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

2. DEPOSITS AND INVESTMENTS

Cash. At year-end, the carrying amount of the Authority's deposits was \$127,792 and the bank balance was \$127,919. The entire amount was covered by federal depository insurance.

Investments. The investments of the Authority are certificates of deposit and savings accounts at a local bank. At December 31, 2017, the Authority had the following investments and maturities:

	Investment Maturities In Years		Interest Rate	Fair Value
	<u>Less Than 1</u>	<u>1 – 5</u>		
Cash in savings	\$ 217,659			\$ 217,659
Certificates of deposit	93,177	\$ 337,828	.05-.35%	431,005
				<u>\$ 648,664</u>

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of December 31, 2017, all of the Authority's bank balances were adequately insured or collateralized as defined by GASB.

3. CAPITAL ASSETS

The Authority has acquired substantially all of its capital assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Authority has sufficient legal interest to accomplish the purposes for which the assets were acquired and has included such assets within the applicable fund.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 252,138			\$ 252,138
Construction in progress	408,583	\$ 127,238	\$ (203,153)	332,668
Total capital assets not being depreciated	660,721	127,238	(203,153)	584,806
Other capital assets				
Land improvements	409,102			409,102
Buildings	12,320,258	187,911		12,508,169
Furniture and equipment	331,197	19,895	(22,637)	328,455
Total other capital assets	13,060,557	207,806	(22,637)	13,245,726
Less accumulated depreciation for				
Land improvements	323,268	16,504		339,772
Buildings	10,103,808	234,122		10,337,930
Furniture and equipment	232,674	21,134	(22,294)	231,514
Total accumulated depreciation	10,659,750	271,760	(22,294)	10,909,216
Business-type activities Capital assets, net	\$ 3,061,528	\$ 63,284	\$ (203,496)	\$ 2,921,316

Construction in progress includes \$332,668 for projects noted in Note 7. There are no amounts required to be raised for future financing. All projects are fully funded.

4. CAPITAL ADVANCE—

The Authority has entered into an agreement for a recoverable grant that is dated October 31, 2005, with the State of Washington, Department of Community, Trade, and Economic Development to construct and operate low-income housing.

The \$637,042 recoverable grant bears no interest and is not required to be repaid as long as the housing remains available to very low-income households for a period of 40 years. This agreement is secured by a mortgage on the building. The recoverable grant is witnessed by a promissory note and is considered to be a mortgage payable.

5. RETIREMENT PLAN

The following table represents the aggregate pension amounts for all plans subject to the requirements of the [GASB Statement 68, Accounting and Financial Reporting for Pensions](#) for the year 2017:

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$(310,534)
Pension assets	\$
Deferred outflows of resources	\$40,184
Deferred inflows of resources	\$(58,274)
Pension expense/expenditures	\$12,765

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

Public Employees' Retirement System of Washington (PERS) (Continued). The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan.

The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, Washington, 98540-8380. Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

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

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

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 1		
Actual Contribution Rates: January – June 2017	Employer	Employee
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.18%	6.00%
July – December 2017:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%

The Authority's actual contributions to the Plan were \$25,459 for the year ended December 31, 2017.

Public Employees' Retirement System (PERS) (Continued). PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2 percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

With a benefit that is reduced by three percent for each year before age 65; or

With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of 5 percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at 3 percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44

Public Employees' Retirement System (PERS) (Continued).

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

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January – June 2017:		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	11.18%	6.12%
July – December 2017:		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%

The Authority's actual contributions to the plan were \$24,184 for the year ended December 31, 2017.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued).

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

Inflation: 3 percent total economic inflation; 3.75 percent salary inflation

Salary increases: In addition to the base 3.75 percent salary inflation assumption, salaries are also expected to grow by promotions and longevity.

Investment rate of return: 7.5 percent

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

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

For all plans, except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.

How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.

For all plans, the average expected remaining service lives calculation was revised.

Discount Rate

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

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued).

Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3 employers, whose rates include a component for the PERS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of NPL

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

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued).

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 231,968	\$ 190,420	\$ 154,431
PERS 2/3	323,600	120,114	(46,612)

Pension Plan Fiduciary Net Position

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

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Authority reported a total pension liability of \$310,534 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 190,420
PERS 2/3	120,114

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

	Proportionate Share 6/30/16	Proportionate Share 6/30/17	Change in Proportion
PERS 1	.004197%	.004013%	-.000184%
PERS 2/3	.003600%	.003457%	-.000143%

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

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2017, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 2,071
PERS 2/3	10,693

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued).

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Net difference between projected and actual investment earnings on pension plan investments		\$(7,106)
Changes of assumptions		
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	13,340	
TOTAL	\$13,340	\$(7,106)

Plan 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,170	\$ (3,950)
Net difference between projected and actual investment earnings on pension plan investments	0	\$(32,020)
Changes of assumptions	\$1,276	
Changes in proportion and differences between contributions and proportionate share of contributions	0	\$(15,199)
Contributions subsequent to the measurement date	\$13,398	
TOTAL	\$ 26,844	\$(51,169)

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLAN (CONTINUED)

Public Employees' Retirement System (PERS) (Continued). Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows

Year ended December 31:	Plan 1	Plan 2/3
2018	\$ (4,803)	\$ (18,994)
2019	1,516	(1,370)
2020	(352)	(4,213)
2021	(3,467)	(13,714)
2022	0	247
Thereafter	0	321

6. RISK MANAGEMENT

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 (*Inter local 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 eighty-three member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-five of the eighty-three members are Washington State public housing entities.

New members are underwritten at their original membership and thereafter automatically renew on an annual basis. Members may quit upon giving notice to HARRP prior to their renewal date. Members terminating membership are not eligible to rejoin HARRP for three years. 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. Participation in HARRP entitles the authority to the HUD bid waiver for insurance coverages.

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 claim made basis, and the members are responsible for 10% of the incurred costs of the claims. The property coverage offered by HAARP is on a replacement cost basis with deductibles ranging from \$2,500 to \$25,000. (Due to special underwriting circumstances, some members may be subject to a greater E & O co-payment.) Fidelity coverage, with limits of \$100,000 (with options up to \$500,000) for employee dishonesty, forgery or alteration and \$10,000 for theft with deductibles similar to the retention of property.

Coverage limits for general liability, as well as Errors and Omissions, are \$2,000,000 per Occurrence with no annual aggregate. Property limits are offered on an agreed amount, based on each structure's value. Limits for Automobile Liability are covered at \$2,000,000 with no aggregate. HARRP self-insures \$2 million and purchases an additional \$45 million of excess

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

6. RISK MANAGEMENT (CONTINUED)

insurance from Munich Reinsurance for a combined total of \$47 million. The HARRP Board of Directors determines the limits and coverage terms at their sole discretion.

HARRP provides loss control and claim services with in-house staff and retained third party contractors.

HARRP is fully funded by member contributions that are adjusted by the HARRP Board annually based on independent actuarial studies. These assessments cover loss, loss adjustment expenses, excess insurance, 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.

HARRP invests its funds that are not needed for its daily operations, in accordance with the strictest provisions of the laws of the states of Washington, Oregon, California and Nevada as they relate to investments of public funds. HARRP's Investment Policy is reviewed by staff and the HARRP Board on an annual basis.

HARRP's financial transactions are subject to annual audits by independent auditors and the Washington State Auditor's Office conducts a compliance audit every even numbered year. HARRP also subjects its claims management practices to an independent audit every three years.

The HARRP Board of Directors provides general policy direction for staff. It is composed of the executive directors of nine of HARRP's members, three each from the Association of Washington Housing Authorities (AWHA), the Oregon Housing Association (OHA) and the California- Association of Housing Authorities (CAHA). HARRP's Executive Director reports to the HARRP Board of Directors and directs the members of HARRP's staff in their day to day functions.

There were no significant reductions in insurance coverage and no claims exceeded insurance coverage for 2015 & 2016. In 2017, there was damage due to roof leakage. The insurance company covered \$1,140. The balance of \$40,100 was covered by Capital Fund Project 2016. The roof repairs were done in 2017 costing \$30,163 and the remaining interior repairs were done in 2018 costing \$9,937.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amounts, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Annual Contributions Contract (ACC), Comprehensive Improvement Assistance Program (CIAP), Grants, and Capital Fund Program. The Authority has received Modernization Project Grants under the Comprehensive Improvement Assistance Program and the Capital Fund Program operated by HUD. The terms of the grant require the Authority to operate the individual projects as low-income housing in compliance with the contract for a period of 20 years after the grant award. The grant additionally requires the Authority to operate the individual projects as low-income housing under the contract for a period of 10 years after receiving the last operating subsidy from HUD. The authority may be required to repay part or the entire grant award to HUD if the projects are sold or not operated in accordance with the terms of the grant.

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO FINANCIAL STATEMENTS

	Approved Grant	12/31/16 Balance	Received in 2017	12/31/17 Balance
CFP WA19P01750115	\$ 213,651	\$ 23,674	\$ 23,674	0
CFP WA19P01750116	222,166	181,725	103,564	\$ 78,161
CFP WA19P01750117	229,701	0	0	229,701
		<u>\$ 205,399</u>	<u>\$ 127,238</u>	<u>\$ 307,862</u>

Annual Contributions Contract (ACC) Permanent Loan Program. The Authority entered into an Annual Contributions Contract dated January 11, 1952, with HUD to develop and operate low-income housing. The Authority received permanent loans under the contract to finance certain project improvements. These loans are payable by HUD and secured by annual contributions. The loans do not constitute a debt by the Authority and, accordingly, are not reported in the accompanying financial statements. However, the Authority may be required to repay part or the entire loan if the projects are sold or not operated in accordance with the terms of the contract. The total remaining principal balance on permanent loan No. WA 17-5 is \$0 at December 31, 2017.

8. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Authority's sole assets are the apartment projects. The Authority's operations are concentrated in the multi-family real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

HOUSING AUTHORITY OF ASOTIN COUNTY

SCHEDULE OF PENSION FUNDING

Year Ended December 31, 2017

Measurement date as of June 30 of same fiscal year.

Plan 1

Fiscal Year	Statutorily or contractually required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employer Payroll	Contribution as a % of Covered Payroll		Share of PERS Net Pension Liability	Net Pension Liability as % of Covered Payroll		Plan Fiduciary Net Position as a % of total Pension Liability
					Covered Payroll	as a % of Covered Payroll	%	Amount	Liability as % of Covered Payroll	
2015	\$ 23,809	\$ 23,809	0	\$ 437,342		5.44%	0.001395%	\$ 229,115	52%	59.10%
2016	\$ 24,128	\$ 24,128	0	\$ 409,466		5.89%	0.004197%	\$ 225,399	55%	57.03%
2017	\$ 25,459	\$ 25,459	0	\$ 419,260		6.07%	0.004013%	\$ 190,420	45%	61.24%

Plan 2/3

Fiscal Year	Statutorily or contractually required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employer Payroll	Contribution as a % of Covered Payroll		Share of PERS Net Pension Liability	Net Pension Liability as % of Covered Payroll		Plan Fiduciary Net Position as a % of total Pension Liability
					Covered Payroll	as a % of Covered Payroll	%	Amount	Liability as % of Covered Payroll	
2015	\$ 22,082	\$ 22,082	0	\$ 366,489		6.03%	0.003901%	\$ 139,385	38%	89.20%
2016	\$ 21,650	\$ 21,650	0	\$ 337,760		6.41%	0.003600%	\$ 181,257	54%	85.82%
2017	\$ 24,184	\$ 24,184	0	\$ 347,554		6.96%	0.003457%	\$ 120,114	35%	90.97%

PERS has not provided calculations for years prior to implementation of GASB Statement No. 68.

HOUSING AUTHORITY OF ASOTIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2017

Federal Agency (Pass-Through Agency)	Federal Program	Federal CFDA Number	Other Award Number	From Direct Awards	Passed Through to Subrecipients	Note
Office of Public and Indian Housing, Department of Housing and Urban Development	Public and Indian Housing	14.850	WA17-00000116D	\$ 325,404	\$ -	3
Housing Voucher Cluster						
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Section 8 Housing Choice Vouchers	14.871	WA017AFR116	1,170,254	\$ -	3
	Total Housing Voucher Cluster			1,170,254	\$ -	
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Public Housing Capital Fund	14.872	WA19P017501-15	23,674	\$ -	4
Office Of Public And Indian Housing, Department Of Housing And Urban Development	Public Housing Capital Fund	14.872	WA19P017501-16	103,564	\$ -	4
	Total CFDA 14.872:			127,238	\$ -	
	Total Federal Awards Expended:			1,622,896	\$ -	

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

HOUSING AUTHORITY OF ASOTIN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The schedule of expenditures of federal awards includes grant and loan activity of the Housing Authority of Asotin County and is presented on the accrual basis of accounting. However, loans received in the prior year and still outstanding are to be considered federal expenditures for the purpose of this schedule. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

2. PROGRAM COSTS

The amounts shown as current year expenditures represent only federal grant portions of the program costs. Entire program costs, including the Authority's portion, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. HOUSING CHOICE VOUCHER AND PUBLIC HOUSING PROGRAM EXPENDITURES

As required by the granting agency, the amounts shown on the schedule for the Public and Indian Housing Program (CFDA #14.850, Grant #WA017-00000116D) and Section 8 Housing Choice Voucher Program (CFDA #14.871, Grant #Wa017AFR116) represent the amounts awarded to the Authority. Actual expenditures of the grant during the period were \$325,404 and \$1,170,254, respectively.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

5. DE MINIMUS INDIRECT COST RATE

The Housing Authority of Asotin County has elected not to use the 10 percent de minimus indirect cost rate allowed under the *Uniform Guidance*.

HA Of Asotin County (WA017)
CLARKSTON, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2017					
		Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111	Cash - Unrestricted	\$104,610	\$12	\$2,755	\$107,377		\$107,377
112	Cash - Restricted - Modernization and Development						
113	Cash - Other Restricted		\$0		\$0		\$0
114	Cash - Tenant Security Deposits	\$20,415			\$20,415		\$20,415
115	Cash - Restricted for Payment of Current Liabilities						
100	Total Cash	\$125,025	\$12	\$2,755	\$127,792		\$127,792
121	Accounts Receivable - PHA Projects						
122	Accounts Receivable - HUD Other Projects						
124	Accounts Receivable - Other Government		\$10,799		\$10,799		\$10,799
125	Accounts Receivable - Miscellaneous	\$0	\$0		\$0		\$0
126	Accounts Receivable - Tenants	\$7,124			\$7,124		\$7,124
126.1	Allowance for Doubtful Accounts - Tenants	-\$1,000			-\$1,000		-\$1,000
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0		\$0		\$0
127	Notes, Loans, & Mortgages Receivable - Current		\$15,000		\$15,000		\$15,000
128	Fraud Recovery						
128.1	Allowance for Doubtful Accounts - Fraud						
129	Accrued Interest Receivable						
120	Total Receivables, Net of Allowances for Doubtful Accounts	\$6,124	\$25,799	\$0	\$31,923		\$31,923
131	Investments - Unrestricted	\$468,834	\$19,240	\$133,939	\$622,013		\$622,013
132	Investments - Restricted	\$26,650	\$0		\$26,650		\$26,650
135	Investments - Restricted for Payment of Current Liability						
142	Prepaid Expenses and Other Assets						
143	Inventories	\$35,632			\$35,632		\$35,632
143.1	Allowance for Obsolete Inventories	-\$1,000			-\$1,000		-\$1,000
144	Inter Program Due From						
145	Assets Held for Sale						

HA Of Asotin County (WA017)
CLARKSTON, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2017				
150	Total Current Assets	\$661,265	\$45,051	\$136,694	\$843,010	\$843,010
161	Land	\$661,240			\$661,240	\$661,240
162	Buildings	\$12,508,169			\$12,508,169	\$12,508,169
163	Furniture, Equipment & Machinery - Dwellings	\$148,150			\$148,150	\$148,150
164	Furniture, Equipment & Machinery - Administration	\$165,002	\$15,303		\$180,305	\$180,305
165	Leasehold Improvements					
166	Accumulated Depreciation	-\$10,895,652	-\$13,562		-\$10,909,214	-\$10,909,214
167	Construction in Progress	\$332,668			\$332,668	\$332,668
168	Infrastructure					
160	Total Capital Assets, Net of Accumulated Depreciation	\$2,919,577	\$1,741	\$0	\$2,921,318	\$2,921,318
171	Notes, Loans and Mortgages Receivable - Non-Current					
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173	Grants Receivable - Non Current					
174	Other Assets					
176	Investments in Joint Ventures					
180	Total Non-Current Assets	\$2,919,577	\$1,741	\$0	\$2,921,318	\$2,921,318
200	Deferred Outflow of Resources	\$32,672	\$7,512		\$40,184	\$40,184
290	Total Assets and Deferred Outflow of Resources	\$3,613,514	\$54,304	\$136,694	\$3,804,512	\$3,804,512
311	Bank Overdraft					
312	Accounts Payable <= 90 Days	\$8,283	\$73		\$8,356	\$8,356
313	Accounts Payable >90 Days Past Due					
321	Accrued Wage/Payroll Taxes Payable					
322	Accrued Compensated Absences - Current Portion	\$6,933	\$516		\$7,449	\$7,449
324	Accrued Contingency Liability					
325	Accrued Interest Payable					
331	Accounts Payable - HUD PHA Programs		\$0		\$0	\$0
332	Account Payable - PHA Projects					

HA Of Asotin County (WA017)
CLARKSTON, WA

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2017			
333	Accounts Payable - Other Government				
341	Tenant Security Deposits	\$41,645		\$41,645	\$41,645
342	Unearned Revenue	\$26,479		\$26,479	\$26,479
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344	Current Portion of Long-term Debt - Operating Borrowings				
345	Other Current Liabilities				
346	Accrued Liabilities - Other				
347	Inter Program - Due To				
348	Loan Liability - Current		\$15,000	\$15,000	\$15,000
310	Total Current Liabilities	\$83,340	\$15,589	\$98,929	\$98,929
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$637,042		\$637,042	\$637,042
352	Long-term Debt, Net of Current - Operating Borrowings				
353	Non-current Liabilities - Other				
354	Accrued Compensated Absences - Non Current	\$36,054	\$14,745	\$50,799	\$50,799
355	Loan Liability - Non Current				
356	FASB 5 Liabilities				
357	Accrued Pension and OPEB Liabilities	\$245,704	\$64,830	\$310,534	\$310,534
350	Total Non-Current Liabilities	\$918,800	\$79,575	\$998,375	\$998,375
300	Total Liabilities	\$1,002,140	\$95,164	\$1,097,304	\$1,097,304
400	Deferred Inflow of Resources	\$46,997	\$11,278	\$58,275	\$58,275
508.4	Net Investment in Capital Assets	\$2,282,534	\$1,741	\$2,284,275	\$2,284,275
511.4	Restricted Net Position		\$0	\$0	\$0
512.4	Unrestricted Net Position	\$281,843	-\$53,879	\$364,658	\$364,658
513	Total Equity - Net Assets / Position	\$2,564,377	-\$52,138	\$2,648,933	\$2,648,933
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,613,514	\$54,304	\$3,804,512	\$3,804,512

HA Of Asotin County (WA017)
CLARKSTON, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2017				
	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$475,897			\$475,897		\$475,897
70400 Tenant Revenue - Other						
70500 Total Tenant Revenue	\$475,897	\$0	\$0	\$475,897		\$475,897
70600 HUD PHA Operating Grants	\$325,404	\$1,170,254		\$1,495,658		\$1,495,658
70610 Capital Grants	\$127,239			\$127,239		\$127,239
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	\$15,000			\$15,000		\$15,000
71100 Investment Income - Unrestricted	\$1,611	\$155	\$529	\$2,295		\$2,295
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery		\$1,056		\$1,056		\$1,056
71500 Other Revenue	\$53,589	\$28,706		\$82,295		\$82,295
71600 Gain or Loss on Sale of Capital Assets	-\$343			-\$343		-\$343
72000 Investment Income - Restricted	\$93	\$236		\$329		\$329
70000 Total Revenue	\$998,490	\$1,200,407	\$529	\$2,199,426		\$2,199,426
91100 Administrative Salaries	\$183,385	\$70,220		\$253,605		\$253,605
91200 Auditing Fees	\$8,117	\$12,175		\$20,292		\$20,292
91300 Management Fee						
91310 Book-keeping Fee						

HA Of Asotin County (WA017)
CLARKSTON, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2017				
	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
91400 Advertising and Marketing						
91500 Employee Benefit contributions - Administrative	\$61,748	\$30,361		\$92,109		\$92,109
91600 Office Expenses	\$26,129	\$25,474		\$51,603		\$51,603
91700 Legal Expense	\$8,403			\$8,403		\$8,403
91800 Travel						
91810 Allocated Overhead						
91900 Other						
91000 Total Operating - Administrative	\$287,782	\$138,230	\$0	\$426,012		\$426,012
92000 Asset Management Fee						
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other						
92500 Total Tenant Services	\$0	\$0	\$0	\$0		\$0
93100 Water	\$40,248			\$40,248		\$40,248
93200 Electricity	\$36,729			\$36,729		\$36,729
93300 Gas	\$9,422			\$9,422		\$9,422
93400 Fuel	\$2,824			\$2,824		\$2,824
93500 Labor						
93600 Sewer	\$69,837			\$69,837		\$69,837
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense	\$0			\$0		\$0
93000 Total Utilities	\$159,060	\$0	\$0	\$159,060		\$159,060
94100 Ordinary Maintenance and Operations - Labor	\$153,596			\$153,596		\$153,596
94200 Ordinary Maintenance and Operations - Materials and Other	\$34,593			\$34,593		\$34,593

HA Of Asotin County (WA017)
CLARKSTON, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2017				
	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
94300 Ordinary Maintenance and Operations Contracts	\$49,300			\$49,300		\$49,300
94500 Employee Benefit Contributions - Ordinary Maintenance	\$83,307			\$83,307		\$83,307
94000 Total Maintenance	\$320,796	\$0	\$0	\$320,796		\$320,796
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						
95300 Protective Services - Other	\$3,815			\$3,815		\$3,815
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$3,815	\$0	\$0	\$3,815		\$3,815
96110 Property Insurance	\$25,471			\$25,471		\$25,471
96120 Liability Insurance	\$2,471			\$2,471		\$2,471
96130 Workmen's Compensation	\$3,798	\$240		\$4,038		\$4,038
96140 All Other Insurance	\$2,149			\$2,149		\$2,149
96100 Total Insurance Premiums	\$33,889	\$240	\$0	\$34,129		\$34,129
96200 Other General Expenses						
96210 Compensated Absences	\$3,819	\$222		\$4,041		\$4,041
96300 Payments in Lieu of Taxes						
96400 Bad debt - Tenant Rents	\$13,868	\$38		\$13,906		\$13,906
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$17,687	\$260	\$0	\$17,947		\$17,947
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						

HA Of Asotin County (WA017)
CLARKSTON, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2017				
	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0		\$0
96900 Total Operating Expenses	\$823,029	\$138,730	\$0	\$961,759		\$961,759
97000 Excess of Operating Revenue over Operating Expenses	\$175,461	\$1,061,677	\$529	\$1,237,667		\$1,237,667
97100 Extraordinary Maintenance	\$2,386			\$2,386		\$2,386
97200 Casualty Losses - Non-capitalized	\$19,000			\$19,000		\$19,000
97300 Housing Assistance Payments		\$1,054,464		\$1,054,464		\$1,054,464
97350 HAP Portability-In		\$26,510		\$26,510		\$26,510
97400 Depreciation Expense	\$269,623	\$2,137		\$271,760		\$271,760
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,114,038	\$1,221,841	\$0	\$2,335,879		\$2,335,879
10010 Operating Transfer In		\$11,000		\$11,000		\$11,000
10020 Operating transfer Out			-\$11,000	-\$11,000		-\$11,000
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						

HA Of Asotin County (WA017)
CLARKSTON, WA

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit		Fiscal Year End: 12/31/2017				
	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$11,000	-\$11,000	\$0		\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$115,548	-\$10,434	-\$10,471	-\$136,453		-\$136,453
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,679,925	-\$41,704	\$147,165	\$2,785,386		\$2,785,386
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$0	\$0	\$0		\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		-\$52,138		-\$52,138		-\$52,138
11180 Housing Assistance Payments Equity		\$0		\$0		\$0
11190 Unit Months Available	1680	2604		4284		4284
11210 Number of Unit Months Leased	1613	2528		4141		4141
11270 Excess Cash	\$448,058			\$448,058		\$448,058
11610 Land Purchases	\$0			\$0		\$0
11620 Building Purchases	\$120,159			\$120,159		\$120,159
11630 Furniture & Equipment - Dwelling Purchases	\$25,445			\$25,445		\$25,445
11640 Furniture & Equipment - Administrative Purchases	\$1,530			\$1,530		\$1,530
11650 Leasehold Improvements Purchases	\$0			\$0		\$0
11660 Infrastructure Purchases	\$0			\$0		\$0
13510 CFP Debt Service Payments	\$0			\$0		\$0
13901 Replacement Housing Factor Funds	\$0			\$0		\$0

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 1/01/2014)

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

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name:

Housing Authority of Asotin County

Modernization Project Number:

WA19P017501-15

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

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

A. Original Funds Approved	\$	213,651.00
B. Funds Disbursed	\$	213,651.00
C. Funds Expended (Actual Modernization Cost)	\$	213,651.00
D. Amount to be Recaptured (A-C)	\$	0
E. Excess of Funds Disbursed (B-C)	\$	0

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *Kathy Thompson*

03/07/2017

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

X *Hamilton W. Thompson*

Date:

03/14/2017

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

X

Date:

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

form HUD-53001 (10/98)
ref Handbooks 7485.1 & 3

ABOUT THE STATE AUDITOR'S OFFICE

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

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.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov