Office of the Washington State Auditor
Pat McCarthy

December 26, 2019

Board of Commissioners
Housing Authority of the City of Longview
(dba Housing Opportunities of Southwest Washington)
Longview, Washington

Contracted CPA Firm's Audit Report on Financial Statements and Federal Single Audit

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the Housing Opportunities of Southwest Washington's financial statements and compliance with federal grant requirements for the fiscal year ended September 30, 2018. The Housing Authority contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements or the Authority's compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy

Pat McCarthy

State Auditor

Olympia, WA

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HOUSING OPPORTUNITIES OF SW WASHINGTON
(HOUSING AUTHORITY OF THE CITY OF LONGVIEW)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

Housing Opportunities of SW Washington

Schedule of Findings and Questioned Costs

Year Ended September 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
- Material weakness(es) identified?	____ Yes	X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses	____ Yes	X No
Noncompliance material to financial statements	____ Yes	X No

FEDERAL AWARDS

Internal control over major programs:		
- Material weakness(es) identified?	____ Yes	X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses	X Yes	____ No

The significant deficiency identified relates to the preparation of the SEFA and not to a specific major program.

Type of auditor's report issued on compliance for major programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	X Yes	____ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.239	Home Investment Partnerships Program
64.024	VA Homeless Providers Grant and Per Diem Program
64.033	VA Supportive Services for Veteran Families Program

Housing Opportunities of SW Washington

Schedule of Findings and Questioned Costs - (Continued)

Year Ended September 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS - (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee:	X Yes	____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2018-001.

Housing Opportunities of SW Washington

Schedule of Federal Findings and Questioned Costs

For the Year Ended September 30, 2018

Finding:
2018-001

Federal Award:
Not applicable. The finding relates to the preparation of the SEFA and not to a specific major program.

Criteria:
In accordance with 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards*, §200.510(b), the Authority must prepare a schedule of expenditures of Federal awards ("SEFA") which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

Statement of Condition:
During our review of the initial draft of the SEFA prepared by management, the SEFA incorrectly identified a grant received from the Department of Veterans Affairs with contract award amount of $495,715 under CFDA 64.033 as CFDA 64.024.

Questioned Costs:
None. The finding relates to the preparation of the SEFA and not to specific questioned costs.

Cause:
The original contract agreement for the grant did not specify the CFDA number. Management's internal review process did not provide for adequate preparation and review of the SEFA.

Effect or Possible Effect and Perspective:
The misstatements could result in errors in the determination of major federal programs for compliance testing.

Repeat Finding:
Not a repeat finding.

Recommendation:
We recommend the Authority develop a process to review and verify the CFDA identifying number to ensure accuracy and completeness of SEFA.

Views of Responsible Officials:
Management has implemented a corrective action plan.

HOUSING OPPORTUNITIES
of SW Washington

Connecting people to homes, hope and opportunity. **Christina M. Pegg, CEO**

Schedule of Federal Findings and Questioned Costs
Corrective Action Plan
For the Year Ended September 30, 2018

Finding Reference Number:
2018-001

Federal Award Agency:
Not applicable. The finding relates to the preparation of the SEFA and not to a specific major program.

Name of Contact Person:
Becky Philips, Finance Manager

Corrective Action:
All contracts will be required/reviewed for CFDA numbers listed in the contract. Any requests for contract numbers will be in writing and added to the contract file. Prior to the yearly submission of the SEFA a second review of CFDA numbers will be performed by the Finance Manager and/or Senior Accountant.

Date of Planned Corrective Action:
The above process has been completed.

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Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Opportunities of SW Washington
Longview, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Housing Opportunities of SW Washington (the Authority) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 1, 2019.

<u>Internal Control Over Financial Reporting</u>
In planning and performing our audit of the financial statements, we considered the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 significant deficiencies or 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.

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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 - (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, 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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
March 1, 2019

Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Opportunities of SW Washington
Longview, Washington

Report on Compliance for Each Major Federal Program

We have audited the Housing Opportunities of SW Washington's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of 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 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 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. However, our audit does not provide a legal determination of the Authority's compliance.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - (CONTINUED)

Opinion on Each Major Federal Program

In our opinion, the 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 September 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - (CONTINUED)

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 over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
March 1, 2019

Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Commissioners
Housing Opportunities of SW Washington
Longview, Washington

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Housing Opportunities of SW Washington (the Authority), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's financial statements as listed in the table of contents.

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.

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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 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 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 business-type activities and the aggregate discretely presented component unit of the Authority as of September 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14 to 22 and pension schedules on pages 54 to 56 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 the 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 supplemental 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.

Other Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the 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 Awards Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The Financial Data Schedule is presented for the purpose of additional analysis as required by HUD, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 accepted in United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2019, on our consideration of the 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 solely 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 effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
March 1, 2019

FINANCIAL SECTION

The Housing Authority of the City of Longview (Authority), doing business as the Housing Opportunities of South West Washington (HOSWWA), management's discussion and analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

The financial performance discussed in the following analyses does not include the tax credit partnership. The tax credit partnership is owned by a separate limited partnership with the HOSWWA acting as the general partner. This separate legal entity is not carried directly on the books of the HOSWWA but is listed as a component unit in the HOSWWA's financial statements and is detailed in portions of the notes to the financial statements (Notes 1, 3, 4, 5, 10 and 11). With those exceptions, neither this unit, nor its financial data, is included in the analysis and financial reports that follow.

Financial Highlights

- The Authority's overall cash position decreased by $351 thousand (28%) during the year. Unrestricted cash and cash equivalents decreased by $136 thousand (29%) and restricted cash and cash equivalents decreased by $215 thousand (27%). The decrease in cash is the result of HUD's reduction of administrative fees and HAP reserves.

- The Authority maintained average occupancy rate of 97% across all projects.

- Total assets and deferred outflows of resources of the authority exceeded total liabilities and deferred inflows of resources at September 30, 2018 by $1.1 million, which is a decrease of $232 thousand (17%) during the year.

- Operating revenues were $1.6 million and non-operating (grants and interest) revenues were $11 million. A reduction of $257 thousand in operating revenues and an increase of $397 thousand in non-operating revenues for a total increase of $140 thousand from the previous year. Tenant income remained unchanged from the previous year. Non-operating revenues were increased by $397 thousand with additional governmental grants.

- Operating expenses were $13 million and include $8.7 million in housing assistance payments (HAP) made to landlords (69% of operating expenses). HAP increased by $493 thousand from the previous year. Total operating expenses less HAP decreased $120 thousand from the previous year.

Authority Wide Financial Statements

The focus of Authority-wide financial statements is on the overall financial position and activities of HOSWWA. The Authority's financial statements include a Statement of Net Position, a Statement of

Revenues, Expenses & Changes in Fund Net Position, a Statement of Cash Flows, Notes to the Financial Statements and Required Supplementary Information. The financial statements are prepared using the accrual basis of accounting and conform to generally accepted accounting principles as applicable to proprietary funds of governments.

The statement of net position presents total assets and deferred outflows of resources and total liabilities and deferred inflows of resources with the difference between the two totals reported as net position. It provides information about the nature and amounts of investments in resources (assets), consumption of resources that are applicable to future periods (deferred outflows), obligations to the Authority creditors (liabilities) and the acquisition of resources that are applicable to a future reporting period (deferred inflows). It provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net position presents the results of the business activities over the course of the year. This information can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, financing, and investing activities over the course of the year. It presents information regarding where cash came from and what it was used for.

The notes to the financial statements provide useful information regarding the Authority's significant accounting policies, significant account balances and activities, certain material risks, estimates, obligations, commitments, contingencies, and subsequent events, if any.

Condensed Comparative Financial Information

Condensed Comparative Statement of Net Position

The following condensed statement of net position by division presents the assets and deferred outflow of resources of the Authority as of September 30, 2018 and 2017 and shows the mix of liabilities and deferred inflow of resources and net position used to acquire these assets and deferred outflow of resources:

Condensed Statement of Net Position

	9/30/2018	9/30/2017
Assets		
Current and Other Assets	$ 1,154,635	$ 1,591,414
Non-current and Capital Assets	14,361,009	14,385,123
Total Assets	15,515,644	15,976,537
Deferred Outflows of Resources	88,469	112,338
Liabilities		
Current Liabilities	1,404,667	1,301,788
Long-term Liabilities	12,694,559	13,185,444
Total Liabilities	14,099,226	14,487,232
Deferred Inflows of Resources	362,717	226,961
Net Position		
Net Investment in Capital Assets	844,728	756,322
Restricted	404,176	623,847
Unrestricted	(106,734)	(5,487)
Total Net Position	$ 1,142,170	$ 1,374,682

Major Factors Affecting the Statement of Net Position

The Statement of Net Position measures the amount by which assets exceed the corresponding liabilities or net position. Over time this may serve as useful measure of the Authority's financial position. The total net position of $1.1 million is in three categories.

- Investment in Capital Assets represents the book value amount invested in capital assets net of depreciation and related debt. The primary changes that affect this category are property development, depreciation and lowering our overall debt through the normal repayment and reduction of the principal balances. This year the account has an increase of $88 thousand and is $844 thousand at fiscal yearend.

- The Restricted Net Position consists of three major components: debt service reserves held by trustees to support our debt service commitments, Housing Choice Voucher housing assistance payment (HAP) reserve and required reserves for replacement (maintenance reserves). HAP reserves are restricted and can only be used for housing assistance payments for the Housing Choice Voucher program. The major change to this category was the HAP reserves decreased by $217 thousand. Overall the Restricted Net Position was reduced by $220 thousand in fiscal year 2018 and ended the year at $404 thousand.

- The Unrestricted Net Position represents the Authority's unrestricted cash and investments, which is essentially anything that does not fall into the first two categories. In 2018 this amount decreased by $101 thousand and ended the year at $(107) thousand.

Condensed Comparative Statement of Revenues, Expenses & Changes in Fund Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the results of operations as well as the non-operating revenues and expenses. It is necessary to consider both operating and non-operating revenues and expenses to gauge the results of operations because the distinctions between operating and non-operating may not be apparent to the casual observer. As a result we believe it best to consider all sources and uses of resources. The following table presents the Condensed Statement of Revenues, Expenses and Changes in Net Position for the years ended on September 30, 2018 and 2017.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2018	2017
Revenues		
Operating		
Tenant Revenue	$ 1,414,030	$ 1,412,590
Other	223,976	482,249
Non-operating		
Government Operating Subsidies and Grants	11,241,474	10,844,933
Investment Income	18,089	18,121
Total Revenue	12,897,569	12,757,893
Expenses		
Operating		
Administrative	1,431,363	1,469,229
Tenant Services	843,734	880,282
Utilities	365,098	367,694
Maintenance and Operations	715,520	692,904
Housing Assistance Payments	8,740,619	8,247,689
Depreciation and Amortization	526,428	528,982
Other	126,907	114,248
Non-operating		
Interest and Other	380,412	407,029
Total Expenses	13,130,081	12,708,057
Excess (Deficiency) of Revenues over Expenses	(232,512)	49,836
Prior Period Adjustment	-	27,651
Net Position, Beginning of Year	1,374,682	1,297,195
Net Position, End of Year	$ 1,142,170	$ 1,374,682

Major Factors Affecting the Statement of Revenues, Expenses and Changes in Net Position

Direct grants and subsidies from HUD, USDA, VA and others grant programs, make up 87% of the revenue received. The largest program the Authority administers is the Housing Choice Voucher program, commonly known as the Section 8 program. This program also generates our largest single category of expense in the form of HAPs, which are transfer payments to private landlords to assist eligible low income families with their rent.

A major factor affecting our Statement of Revenues, Expenses and Changes in Net Position is Congress' continued appropriation and support for these programs. In fiscal year 2018 this support increased slightly from the previous fiscal year. However, because of rising rents and high occupancy rates in our local rental market, the Authority is assisting fewer families.

Conversely as a result of these factors our owned real estate has performed well in the local rental market. The Cowlitz County rental market is influenced by the Portland, OR and Vancouver, WA rental markets. The rental market in Cowlitz County has remained strong. This has led to rising rent levels and corresponding lower vacancy rates. We expect to see rents remain firm and likely increase, which should lead to increases in our operating revenues; however this would be offset by potentially lower revenues from our governmental sponsored programs.

Capital Asset and Long-Term Debt Activity

Capital Assets

During the fiscal year the Authority purchased additional land in anticipation of new housing development in Longview, WA. As of the year end, the Authority had $13 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of $68 thousand from the end of last year.

Change in Capital Assets

Category	2018	2017	Net Change
Land	$ 2,271,229	$ 1,956,673	$ 314,556
Construction in progress	27,029	36,340	(9,311)
Buildings, improvements and fixtures	14,125,108	14,125,108	-
Leasehold improvements	2,716,656	2,716,656	-
Machinery, vehicles and equipment	213,997	226,103	(12,106)
Less accumulated depreciation	(6,119,965)	(5,758,396)	(361,569)
	$ 13,234,054	$ 13,302,484	$ (68,430)

Long-Term Debt

As of September 30, 2018 the Authority had $12.4 million in loans, notes and mortgages. This was a slight increase of $6 thousand from the prior year balance of $12.4 million. Debt was increased with a $252 thousand mortgage for a land purchase for future development. Debt was decreased with the payments of $245 thousand in principal payments. This information is presented in detail in note 10 of the notes to the financial statements.

Changes in Loans, Notes, Mortgages and Accrued Interest

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Mortgages	$ 12,386,750	$ 251,500	$ 248,924	$ 12,389,326	$ 594,614
Notes	15,000	-	-	15,000	15,000
Accrued Interest	141,412	2,260	-	143,672	-
	$ 12,543,162	$ 253,760	$ 248,924	$ 12,547,998	$ 609,614

Economic Factors Affecting the Authority

The Authority depends on funding from HUD for Housing Choice Voucher program, USDA, VA and Washington State to fund much of its administrative needs. In addition, the Authority operates multiple affordable housing programs located in Cowlitz, Lewis, Wahkiakum and Pacific Counties in Washington. Future operations could be affected by changes in federal low-income housing subsidies; economic or other changes in the southwest Washington geographical area; or by changes in the demand for such affordable housing and related services.

HUD's funding of federal low-income housing subsidies is dependent on congressional appropriations and related budget prioritizations. Federal budget cuts enacted in prior years and expected to occur in future periods, represent the greatest on-going economic challenge for the Authority. The following funding impacts from such actions were experienced in 2018:

- The administrative cost portion of the Housing Choice Voucher program funding was funded at 80% of eligibility during 2016, 76.5% of eligibility during 2017 and 80% of eligibility as of August 2018.

- The Section 8 Housing Choice Voucher program Housing Assistance Payments was funded at 100% of subsidy eligibility during 2016, 98% of subsidy eligibility in 2017 and 99.5% of subsidy eligibility in 2018.

The Authority has responded to these on-going challenges (funding reduction in administrative cost portion of the Housing Choice Voucher program) of Federal budget reductions for low-income housing programs in part by reducing costs. The Authority is also developing new programs and seeking funding from other sources. In particular the Veterans Administration has provided additional funds providing housing for homeless veterans, and the Low Income Housing Tax Credit program has brought infusions of capital funding for construction of new affordable housing units through equity contributions by the investors of those partnerships. The investors provided equity contributions to the partnership so that they could then benefit from the federal income tax credits awarded to those projects.

Local inflationary, recessionary, and in particular employment trends, can affect resident incomes and therefore the amount of rental incomes received by the Authority, as well as the amount of Housing Assistance Payments paid out by the Authority. Unemployment in the Longview, Washington metropolitan statistical area has decreased from 5.4% in September 2017 to 2.2% in September 2018 according to the U.S. Bureau of Labor Statistics (www.bls.gov).

Other Potentially Significant Matters

The HOSWWA restructured some of its debt with the Washington Department of Commerce deferring payments until 2029. This information is presented in detail in note 10.c. of the notes to the financial statements.

The Authority entered into a partnership agreement on October 11, 2018 with the Joint Pacific County Housing Authority and U.S. Bancorp Community Development Corporation to develop, build and operate Driftwood Point Apartments. This information is presented in detail in note 15 of the notes to the financial statements.

Contacting the Housing Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information should be addressed to the Accounting Manager of the Housing Opportunities of Southwest Washington. HOSWWA's offices are located at 820 11th Ave., Longview, WA 98632. The telephone number is (360) 423-0140.

HOUSING OPPORTUNITIES OF SW WASHINGTON

Statement of Net Position

September 30, 2018

	Authority	Component Unit
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 331,426	$ 68,236
Receivables (Net)	191,445	5,586
Inventory	8,454	-
Prepayments	36,043	10,768
Restricted Assets:		
FSS - Escrow	109,636	-
Tenant Security Deposits	73,455	10,825
Replacement Reserves	358,040	180,710
Development	4,432	-
Housing Assistance Payments	6,216	-
Cash - Other	35,488	-
Total Current Assets	1,154,635	276,125
Noncurrent Assets		
Loans Receivable	794,317	-
Accrued Interest Receivable	66,128	-
Investment in Tax Credit Partnership	266,510	
Capital Assets		
Land	2,271,229	308,313
Infrastructure	-	615,439
Buildings	16,841,764	7,100,407
Equipment	213,997	227,935
Construction in Progress	27,029	-
Less Accumulated Depreciation	(6,119,965)	(1,194,040)
Total Capital Assets (Net)	13,234,054	7,058,054
Other Assets	-	51,182
Total Non-Current Assets	14,361,009	7,109,236
TOTAL ASSETS	$ 15,515,644	$ 7,385,361
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	$ 88,469	$ -

Continued on Page 24

HOUSING OPPORTUNITIES OF SW WASHINGTON
Statement of Net Position - (Continued)
September 30, 2018

	Authority	Component Unit
LIABILITIES		
Current Liabilities		
Accounts Payable	103,396	18,258
Accrued Liabilities	395,322	57,271
Current Portion of Long-Term Debt	609,614	17,816
Tenant Security Deposits	73,455	10,825
Unearned Revenue	46,638	4,820
Other Current Liabilities	176,242	55,558
Total Current Liabilities	1,404,667	164,548
Noncurrent Liabilities		
Compensated Absences	67,602	-
Long-Term Debt	11,779,712	1,629,895
Accrued Pension Liability	847,245	-
Total Noncurrent Liabilities	12,694,559	1,629,895
TOTAL LIABILITIES	14,099,226	1,794,443
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	362,717	-
NET POSITION		
Net investment in capital assets	844,728	5,410,343
Restricted	404,176	180,710
Unrestricted	(106,734)	(135)
TOTAL NET POSITION	$ 1,142,170	$ 5,590,918

HOUSING OPPORTUNITIES OF SW WASHINGTON
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2018

	Authority	Component Unit
OPERATING REVENUES		
Net Tenant Rental Revenue	$ 1,310,480	$ 331,379
Tenant Revenue - Other	103,550	14,758
Other Revenue	223,976	1,173
Total Operating Revenue	1,638,006	347,310
OPERATING EXPENSES		
Administration	1,431,363	90,213
Tenant Services	843,734	31,444
Utilities	365,098	53,922
Ordinary Maintenance and Operations	715,520	34,756
Housing Assistance Payments	8,740,619	-
Depreciation and Amortization Expense	526,428	352,255
Other General Expenses	126,907	20,988
Total Operating Expenses	12,749,669	583,578
OPERATING INCOME (LOSS)	$ (11,111,663)	$ (236,268)
NON-OPERATING REVENUES (EXPENSES)		
HUD Subsidies and Grant Revenue	9,074,507	-
Other Government Grants	2,166,967	-
Investment Income	18,089	-
Gain or loss on sale of capital asset	2,092	-
Other Revenues (Expenses)	-	(5,005)
Interest Expense	(382,504)	(67,104)
Total Non-Operating Revenues (Expenses)	10,879,151	(72,109)
CHANGE IN NET POSITION	(232,512)	(308,377)
BEGINNING TOTAL NET POSITION	1,374,682	5,899,295
ENDING TOTAL NET ASSETS POSITION	$ 1,142,170	$ 5,590,918

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

HOUSING OPPORTUNITIES OF SW WASHINGTON

Statement of Cash Flows

For the Year Ended September 30, 2018

	Authority	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Tenants	$ 1,385,500	$ 340,624
Payments to Employees	(2,163,421)	(62,756)
Payments to Suppliers	(1,528,234)	(161,051)
Housing Assistance Payments	(8,746,040)	-
Other Receipts (Payments)	177,982	(11,547)
Net Cash Provided (Used) by Operating Activities	(10,874,213)	105,270
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant Receipts	11,277,448	-
Other Receipts	-	2,753
Net Cash Provided (Used) by Noncapital Financing Activities	11,277,448	2,753
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Purchase) of Capital Assets	(457,998)	(7,442)
Proceeds from Capital Debt	317,556	-
(Payments) on Capital Debt - Principal	(261,546)	(21,054)
(Payments) on Capital Debt - Interest	(367,890)	(53,900)
Net Cash Provided (Used) by Capital and Related Financing Activities	(769,878)	(82,396)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits to Reserves		(17,512)
Collection of Notes Receivable	10,716	-
Interest and Dividends	4,946	-
Net Cash Provided (Used) by Investing Activities	15,662	(17,512)
Net Increase (Decrease) in Cash and Cash Equivalents	(350,981)	8,115
Cash at the Beginning of the Year	1,269,674	60,121
Cash at the End of the Year	$ 918,693	$ 68,236

NONCASH FINANCING AND INVESTING ACTIVITIES

During the year, the Authority had $13,714 in debt forgiveness transactionsin the Authority's home ownership program. These noncash transactions would have been reported if the transaction involved a cash exchange.

	Authority	Component Unit
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating (Loss)	$ (11,111,663)	$ (236,268)
Adjustments to Reconcile Operating Income (Loss) to Net Cash:		
Depreciation Expense & Amortization	526,428	352,255
Changes in Assets and Liabilities:		
Decrease (Increase) in Receivables	36,845	(2,277)
Decrease (Increase) in Prepaid Expenses	(5,421)	480
Decrease (Increase) in Inventories	1,389	-
Increase (Decrease) in Accounts Payable	(81,374)	(5,059)
Increase (Decrease) in Other Payables	(12,417)	-
Net Increase (Decrease) in Other Operating Net Assets	(228,000)	(3,861)
Total Adjustments	237,450	341,538
Net Cash Provided (Used) by Operating Activities	$ (10,874,213)	$ 105,270

Note 1 - SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Housing Opportunities of SW Washington (Authority) conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the most significant policies (including identification of those policies which result in departures from generally accepted accounting principles):

a. Reporting Entity

The Authority is a municipal corporation governed by an appointed six member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the Authority (the primary government) and its component unit. The component unit discussed below is included in the Authority's reporting entity because of the significance of its operational or financial relationship with the Authority.

Discretely Presented Component Unit - The Housing Authority has one component unit, which met the criteria for discrete presentation in the Housing Authority's basic financial statements (see note 11). A separate "Component Unit" column is presented in the financial statements to distinguish the balances and transactions from those of the primary government.

The Authority entered into a partnership to administer low income housing tax credits. This enables the Authority to influence management policy, budgets and operations. The services provided by the partnership do not exclusively or almost exclusively benefit the Authority or its constituents. This partnership meets the requirement of GASB Statement 14 to be treated as a component unit. As such the partnership is considered a part of the reporting entity.

In accordance with GASB 14 (as amended by GASB 61), the Housing Authority includes component unit financial statements with an ending date occurring during the Housing Authority's fiscal year. The "Component Unit" financial statements are presented as of December 31, 2017. The financial statements of the component unit are prepared separately. Copies of these statements can be obtained by contacting the Housing Authority at 820 11th Ave, Longview, WA 98632.

b. Basis of Accounting And Presentation

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of the cash flows.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating subsidies and grants are reported as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low income housing.

c. <u>Cash and Cash Equivalents</u>

For the purposes of the Statement of Net Position and the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, or available on demand, to be cash equivalents.

d. <u>Receivables</u>

Receivables consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Bad debt write offs are made monthly and subject to approval of the Board of Commissioners and are expensed at the end of each month. The Allowance for Doubtful Accounts is determined at the end of the year by evaluating the facts and circumstances of each account included in accounts receivable. On the financial statements, the receivables are presented in a net format after deducting the current allowance amount.

e. <u>Inventories</u>

The "Inventories" account includes any material dollar amount of rental property components on hand and not installed at a particular property as of the date of the Statement of Net Position. Generally, components are ordered as needed for specific repairs and not maintained as inventory. Inventory is valued at cost and is valued using the "first in first out" (FIFO) method which approximates the market value.

f. <u>Notes Receivable</u>

Notes receivable consist of second mortgage loans made under a down payment assistance program for first time home buyers. These loans are 0% interest loans secured by a deed of trust and payable upon sale or transfer of title, satisfactory completion of residency requirements or change of use.

These loans are expected to be forgiven or repaid by the loan recipients at the sooner of the end of the compliance period or upon the sale or disposition of the home. These are classified as non-current because they are not expected to be repaid within one year.

Because the loans receivable are secured by liens against real property there is generally no need to estimate uncollectible loans receivable.

g. Restricted Assets

In accordance with bond resolutions and federal contracts (and certain related agreements) separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including debt service, maintenance of assets and other special reserve requirements. As titled in the Statement of Net Position, restricted resources currently include the following:

* "Tenant security deposits" which includes security deposits held pursuant to residential rental agreements. They are included, while not all will be payable, in current period because they are payable from the "Tenant security deposits" account listed under restricted assets.

* Other "Restricted Assets" includes excess Housing Assistance Payment reserves, escrow accounts, principal and interest payment deposits and required replacement reserves.

h. Capital Assets

The cost of normal maintenance and repairs, which do not add to the value of the asset or materially extend an asset's life, is expensed. A purchase of equipment or a building improvement costing $3,000 or more, which is not deemed a repair, is recorded at historical cost and depreciated over its expected life.

Property, plant and equipment donated or sold at a bargain discounted price to the Authority is recorded at the fair market value determined at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest expense incurred during the construction phase is reflected in the capitalized value of the asset constructed.

Property, plant, residential buildings, and equipment are depreciated using the straight-line method, generally over the following estimated useful lives:

Asset Categories	Years
Buildings	40
Building improvements	15
Site improvements, sidewalks, paving, etc.	20
Vehicles-autos & light trucks	5
Office equipment-non computer	6
Computer & telecommunications equipment	5
Office furnishings	10

Other equipment, carpets, appliances	12

It is the Authority's policy that the original cost of un-segregated components of operating property that is retired or otherwise disposed of, plus the cost of installation, less salvage, is charged to accumulated depreciation and no gain or loss on the disposition is recognized. In the case of the sale of a significant operating unit or system, the original cost is removed from the capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Preliminary costs incurred for proposed capital projects are recorded in "Construction Work in Progress" pending construction of the facility. Costs relating to projects ultimately constructed are transferred to the project capital accounts; charges related to abandoned projects are expensed.

k. Investments

Investments are stated at cost, which approximates fair market value. For various risks related to the investments, see Note 3 – Deposits and Investments.

l. Current Portion of Long Term Debt

Current portion of Long Term Debt includes all redemption amounts owed to bond holders within one year from the date of the statement. Bonds are also reported herein net of premium or discount; annual interest expense is adjusted by the amortization of the discount. Unamortized discounts are reported as an adjustment to the Long Term Debt reported on the Statement of Net Position (see note 10).

m. Operating Revenues and Expenses

The Authority reports operating revenues as defined in GASB Statement No. 9. Operating revenues result from fees and charges from providing services in connection with the ongoing operations of providing low income housing. Operating subsidies and grants are reported as non-operating revenues and are presented as cash flows from non-capital financing activities in the statement of cash flows. Operating expenses are those expenses that are directly incurred in the operation of providing low income housing.

n. Compensated Absences

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

Vacation pay, which cannot be carried over past the employee's anniversary date, is payable upon resignation, retirement or death. Sick leave may be carried over the years, but can only be taken for medical-related absences. Sick leave may accumulate up to 480 hours. Upon resignation, retirement, or death; sick leave is lost.

o. 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. For details of the Pension Plans, see Note 12.

Note 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

State law requires that the Authority maintain occupancy at specified percentages of low income families. State law also requires the Authority to deposit all of its funds with banking institutions in accordance with the terms of the State of Washington Public Deposit Protection Act.

The Authority is in compliance with state law with respect to the percentage of low income families served and the Authority makes all investments pursuant to the requirements of Washington State law in Chapter 39.58 RCW, and the investment policies it has adopted.

Note 3 – DEPOSITS AND INVESTMENTS

a. Deposits

The Authority's deposits and certificates of deposit are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). It is the policy of the Authority, when making deposits or investing in bank market rate savings or certificates of deposit, to use banks which are qualified public depositories as designated by the Washington Public Deposit Protection Commission (PDPC) pursuant to RCW 39.58. The PDPC is a risk sharing pool whereby member banks that are designated as "qualified public depositories", mutually insure public deposits against loss. As a result, the FDIC or PDPC insures all demand deposits and bank balances of the Authority against loss.

b. Investments

Available excess cash or demand deposits of the Authority are invested in accordance with RCW 35.82.070(6) and the Authority's policies. Investments consist of deposits with qualified pubic depositories, obligations of the U.S. Treasury and agencies, banker's acceptances, commercial paper, and repurchase agreements. All restricted cash and investments held in bond trust accounts were invested in accordance with the provisions of the various trust indentures. Certain investments may meet the criteria of cash and cash equivalents, but are treated as investments by the Authority because of their intended long term use.

As of the year ended September 30, 2018 the Authority had no investments.

Interest Rate Risk – The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – As noted above, state law limits the types of investments that can be made by the Authority to those identified in RCW 35.82.070(6).

Concentration of Credit Risk – The Authority places no limit on the amount that can be invested in any one investment.

Custodial Credit Risk – is the risk that in the event of a failure of the counterparty to an investment transaction the Authority would not be able to recover the value of the investment of collateral securities. None of the Authority's cash accounts or investments are exposed to custodial credit risk since all funds are either entirely covered by FDIC insurance, the Washington Public Deposit Protection Act or consists of investment in U.S. Treasury obligations or repurchase agreements secured by U.S. Treasury obligations.

Component Unit

Deposits - As of December 31, 2017, the component units' carrying amount of deposits was $259,771. These deposits are entirely covered by Federal Depository Insurance Corporation (FDIC).

Note 4 – NOTES RECEIVABLE

The Authority has notes receivable that consist of second mortgage loans made under a down payment assistance program for first time home buyers. These loans are 0% interest loans secured by a deed of trust and payable upon sale or transfer of title, satisfactory completion of residency requirements or change of use.

The Authority has notes receivable from the component unit in the amount of $404,467 plus $66,128 in accrued interest. The component unit discloses $404,467 as a long term liability plus $56,336 in accrued interest. The differences are the result of differing year ends of September 2018 for the Authority and December 2017 for the component unit.

Schedule of Notes Receivable

Purpose	Original Amount	Issue Date	Maturity	Interest Rate	Amount Outstanding
Development					
Lilac Place	$ 404,467	Oct-13	Jan-58	3.28%	$ 66,267
Lilac Place	338,200	Apr-14	Oct-58	3.28%	338,200
Home Ownership	90,000	May-15	Apr-45	3.00%	83,341
	832,667				487,808
Forgivable Notes					
A	37,500	Dec-08	Dec-18	0.00%	937
B	36,750	Sep-09	Sep-19	0.00%	3,675
C	15,000	Mar-10	Mar-20	0.00%	2,250
D	38,000	Mar-10	Jan-20	0.00%	-
E	20,000	Aug-17	Aug-27	0.00%	17,833
	147,250				24,695
Notes					
A	25,000	Feb-09	Feb-39	0.00%	25,000
B	25,000	Jul-09	Jul-39	0.00%	25,000
C	25,000	Oct-09	Oct-39	0.00%	25,000
D	40,000	Apr-16	Apr-44	1.00%	21,814
E	25,000	Feb-10	Feb-40	0.00%	25,000
F	10,000	Apr-10	Apr-40	0.00%	10,000
G	10,000	Aug-11	Aug-41	0.00%	10,000
H	10,000	Mar-12	Mar-42	0.00%	10,000
I	10,000	Apr-12	Apr-42	0.00%	10,000
J	30,000	Sep-12	Sep-42	0.00%	30,000
K	20,000	Mar-13	Mar-43	0.00%	20,000
L	10,000	Nov-12	Nov-42	0.00%	10,000
M	10,000	May-14	May-44	0.00%	10,000
N	10,000	Jul-14	Jul-44	0.00%	10,000
O	40,000	May-15	May-25	0.00%	40,000
	300,000				281,814
	$ 1,279,917				$ 794,317

Notes Receivable Activity for the Period Ending September 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
Lilac Place	$ 404,467	$ -	$ -	$ 404,467
Home Ownership	85,361	-	2,020	83,341
Forgivable Notes	44,487	-	19,792	24,695
Notes	281,814	-	-	281,814
	$ 816,129	$ -	$ 21,812	$ 794,317

Inter-program loans: See Note 7 - Short Term Debt.

Note 5 – CAPITAL ASSETS

Major expenses ($3,000 or more and a useful life of one year or more) for capital assets, including capital leases, and major repairs that increase useful lives are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

All capital assets are valued at historical cost or estimated historical cost, where historical cost is not known. Donations are recorded at the fair market value as determined by appraisal. Construction in progress is decreased when the construction is completed and the asset is placed in service. The decrease is equal to the increase in the class of assets that have been constructed.

The Housing Authority has acquired certain 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 Housing Authority has sufficient legal interest to accomplish the purposes for which the assets were acquired.

Housing Authority

Capital asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 1,956,673	$ 314,556	$ -	$ 2,271,229
Construction in Progress	36,340	113,819	123,130	27,029
Total Capital Assets Not Being Depreciated	1,993,013	428,375	123,130	2,298,258
Capital Assets Being Depreciated				
Buildings	14,125,108	-	-	14,125,108
Equipment	226,103		12,106	213,997
Leasehold Improvements	2,716,656	-	-	2,716,656
Total Capital Assets being Depreciated	17,067,867	-	12,106	17,055,761
Less Accumulated Depreciation	(5,758,396)	(529,371)	(167,802)	(6,119,965)
Total Capital Assets being Depreciated, Net	11,309,471	(529,371)	(155,696)	10,935,796
Total Capital Assets, Net	$ 13,302,484	$ (100,996)	$ (32,566)	$ 13,234,054

Component Unit

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 308,313			$ 308,313
Total Capital Assets Not Being Depreciated	308,313	-	-	308,313
Capital Assets Being Depreciated				
Land Improvements	615,439			615,439
Buildings	7,100,407			7,100,407
Equipment	227,935			227,935
Total Capital Assets being Depreciated	7,943,781	-	-	7,943,781
Less Accumulated Depreciation	(849,227)	(344,813)		(1,194,040)
Total Capital Assets being Depreciated, Net	7,094,554	(344,813)	-	6,749,741
Total Capital Assets, Net	$ 7,402,867	$ (344,813)	$ -	$ 7,058,054

Note 6 – AREAS OF OPERATIONS

When the City of Longview created the Authority, the Authority was authorized to operate within the limits of the City of Longview. Subsequently the Authority contracted with HUD to manage the Housing Choice Vouchers in Lewis County, Pacific County and Cowlitz County (excluding the cities of Kelso and Kalama). The Authority also has inter-local agreements with Castle Rock, Cathlamet, Kalama, Kelso, Wahkiakum County, Winlock and Woodland to provide housing services in those cities and counties.

The Authority also provides some management services though contract with the Joint Pacific County Housing Authority and Lilac Place, LLLP.

Note 7 – SHORT TERM DEBT

Inter-program Loans

The Authority has two inter-programs loan outstanding. The inter-program loans are offset by inter-program receivables of the same amount. Short term inter-program loan activities for the year ended September 30, 2018 were as follows:

From/To	Beginning Balance	Increases	Decreases	Ending Balance
Tulip Valley/Agency	$ 140,113	$ -	$ -	$ 140,113
Agency/Stratford	60,905	-	1,789	59,116
	$ 201,018	$ -	$ 1,789	$ 199,229

Note 8 – LEASE COMMITMENTS

a. Operating Lease(s)

The Authority is committed under various leases for use of the copiers and postage equipment. These leases are considered operating leases for accounting purposes. Lease expenses for the year ended September 30, 2018 amounted to $33,473.

Future minimum rental commitments for these leases are as follows:

Year End	Mimium Lease Payments
2019	$ 43,713
2020	43,713
2021	43,713
2022	23,192
2023	3,300
2024-2048	12,500
	$ 170,131

b. Capital Lease(s)

The Authority has not entered into any lease agreements which qualify as capital leases for accounting purposes.

Note 9 – PAYABLES FROM RESTRICTED ASSETS

"Tenant security deposits payable" includes security deposits held pursuant to residential rental agreements. They are included, while not all will be payable in current period, because they are payable from the "Cash-tenant security deposits" account listed under restricted assets.

Note 10 – LONG TERM DEBT AND LIABILITIES

a. Real Estate Mortgages

The Authority has long term loans which may be secured by capital assets. These loans were used to acquire capital assets that provide low income housing.

Schedule of Loans Outstanding

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Refinance - Hemlock	$ 78,700	08/11/17	2027	5.25%	$ 71,057
Acquire single family residence - 18th	27,461	08/14/08	2023	4.50%	11,707
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	850,500	08/11/98	2048	1.00%	777,981
Acquire land and construct 17 units of elderly housing - Eagle Pointe Village	188,691	03/04/98	2028	3.25%	98,889
Purchase 61 units of senior housing - Hawthorne	1,438,736	10/12/95	2035	1.00%	1,092,884
Purchase 39 units of elderly/disabled hsg - Tulip Valley	1,238,636	08/01/95	2031	1.00%	630,935
Leasehold improvements - Sylvester Arms	1,565,717	01/09/94	2054	0.50%	1,214,130
	772,166	06/19/12	2022	6.50%	677,638
Purchase 16 units of family housing - Columbia View	493,016	10/25/05	2045	0.00%	493,016
	99,743	01/19/06	2036	1.00%	86,936
	242,569	01/19/06	2036	1.00%	211,424
Purchase 35 units of family housing - Riverview	555,035	10/25/05	2045	0.00%	555,035
	360,748	01/19/06	2036	1.00%	314,430
	571,735	01/19/06	2036	1.00%	498,327
Refinance single family residence - 33rd	33,213	06/28/16	2026	5.25%	26,596
Construction of 20 units of assisted housing - Phoenix House	1,775,000	06/30/08	2059	0.00%	1,775,000
Refinance - Hawthorne House	430,536	09/23/16	2031	5.25%	392,658
Refinance - Woodside West	617,000	06/09/17	2027	4.70%	599,222
Development Loan - Lilac Place	410,000	09/17/13	2018	4.75%	362,710
Acquire 8 units of family housing - Beechwood	490,000	01/30/13	2023	4.75%	442,806
Refinance of Stratford	490,873	10/30/12	2022	5.50%	451,445
Rehabilitation of Stratford	800,000	03/31/13	2053	0.00%	800,000
Purchase land for future development	553,000	09/30/17	2025	1.00%	553,000
Purchase land for future development	251,500	04/30/18	2026	1.00%	251,500
Total	$ 14,334,575				$ 12,389,326

Mortgage debt service requirements to maturity are as follows:

Year Ending 9/30/20xx	Principal	Interest	Required Debt Service
2019	$ 594,614	$ 363,304	$ 957,918
2020	246,058	331,694	577,752
2021	261,202	316,549	577,751
2022	866,997	290,761	1,157,758
2023	1,010,502	209,489	1,219,991
2024-2028	2,310,299	794,416	3,104,715
2029-2033	1,009,693	493,252	1,502,945
2034-2038	694,260	266,523	960,783
2039-2043	555,944	168,063	724,007
2044-2048	1,700,155	148,418	1,848,573
2049-2053	918,020	12,941	930,961
2054-2058	446,582	2,233	448,815
2059-2063	1,775,000	-	1,775,000
Total	$ 12,389,326	$ 3,397,643	$ 15,786,969

b. <u>Loans and Notes Payable</u>

The Authority has recorded certain forgivable notes secured with a deed of trust that were used for down payment assistance in our home ownership program. Additionally the Authority has taken out consumer loans in support of construction activities and the purchase of vehicles.

Purpose	Original Amount	Issue Date	Maturity	Interest Rate	Amount Outstanding 9/30/2018
Community Frameworks*	$15,000	Mar/2009	Feb/2019	-	$ 15,000

* The Authority has issued deeds of trust on the Community Frameworks loan. The loan is for ten years. The note is issued at 0% interest and is forgivable upon compliance with the loan agreement.

c. <u>Changes in Long-Term Liabilities</u>

During the year ended September 30, 2018, the following changes occurred in long-term liabilities:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Mortgages	$ 12,389,750	$ 251,500	$ 251,924	$ 12,389,326	$ 594,614
Notes	15,000	-	-	15,000	15,000
Accrued Interest	141,412	2,260	-	143,672	-
Pension Liability	1,207,936	-	360,691	847,245	-
Compensated Absences	72,195	-	4,593	67,602	10,140
	$ 13,826,293	$ 253,760	$ 617,208	$ 13,462,845	$ 619,754

The Department of Commerce loan funding the acquisition of the Sylvester apartments was revised to lower the interest rate from one percent to one half percent starting January 31, 2018. It was also revised to extend the end date of the contract from January 31, 2044 to January 1, 2054.

The Department of Commerce loan funding the acquisition of the Eagle Pointe apartments was revised to defer loan payments beginning in 2018 until December 31, 2029.

<u>Component Unit</u>

<u>Loans</u>

The Component Unit has long term notes payable secured by capital assets. These notes were used to acquire capital assets that provide affordable housing. The notes payable are to be repaid to the Authority, U.S. Bank and Clark County by the component unit. The notes to the Authority ($404,467) and Clark County ($409,932) are to be paid out of residual receipts as they become available. The WCRA loan ($866,241) is to be paid back out of operations.

Outstanding loans are as follows:

Purpose	Beginning Balance 1/1/16	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Mortgage	$ 878,642	Jan-15	2030	6.00%	$ 866,241
2nd Mortgage	215,054	Jan-14	2058	0.50%	209,932
Deferred Loan	200,000	Jan-14	2058	0.00%	200,000
Note Payable	404,467	Jan-14	2058	3.28%	404,467
	$ 1,698,163				$ 1,680,640

The loans payable debt service requirements to maturity:

Yeaar Ending 12/31/XX	Principal	Interest	Required Debt Service
2018	$ 17,768	$ 65,990	$ 83,758
2019	18,600	65,159	83,759
2020	19,482	64,277	83,759
2021	20,416	63,343	83,759
2022	21,408	62,351	83,759
2023-2027	124,132	294,662	418,794
2028-2032	716,833	156,967	873,800
2033-2037	25,361	69,519	94,880
2038-2042	26,002	68,878	94,880
2043-2047	26,658	68,222	94,880
2048-2052	27,331	67,548	94,879
2053-2057	28,022	66,859	94,881
2058-2062	608,627	13,287	621,914
	$ 1,680,640	$ 1,127,062	$ 2,807,702

During the year ended December 31, 2017, the following changes occurred in the long term liabilities for the Component Unit:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Mortgages/Loans	$ 1,703,521	$ -	$ 22,881	$ 1,680,640	$ 17,768

Note 11 – COMPONENT UNIT

The Lilac Place Limited Liability Limited Partnership was formed with the Authority serving as the general partner. This partnership was formed to acquire, develop, construct, operate and maintain housing for low income tenants in a manner necessary to qualify for federal low-income housing tax credits as provided under Section 42 of the Internal Revenue Code. The partnership's fiscal year ends on December 31, of each calendar year. The project is comprised of 38 units in seven buildings. The units constructed are owned by the partnership and managed by the Authority, general partner of the partnership. As general partner, the Authority complies with the duties and responsibilities established with the limited partner in the related partnership agreement. In general, the Authority is obligated to provide funds to the partnership for any operating deficits and is to be repaid from project cash flow in subsequent years or from proceeds of a sale or refinance.

As of September 30, 2018, the Authority's fiscal year end, the balance sheet date reported for the component unit was December 31, 2017, which is the fiscal year end of the component unit.

Note 12 - PENSION PLANS

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 fiscal year 2018:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 847,245
Pension assets	$-
Deferred outflows of resources	$ 88,469
Deferred inflows of resources	$ 362,717
Pension expense/expenditures	$ 15,556

State Sponsored Pension Plans

Substantially all 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.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee**
2018:		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	6.00%
Administrative Fee	0.18%	
Total	**12.70%**	**6.00%**

* For employees participating in JBM, the contribution rate was 15.2%.

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

- 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 five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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 2018 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	**Employer 2/3**	**Employee 2***
January–August 2018:		
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%**
September–December 2018:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.83%	7.41%

* For employees participating in JBM, the contribution rate was 12.700%.

The Authority's actual PERS plan contributions were $87,852 to PERS Plan 1 and $125,703 to PERS Plan 2/3 for the year ended September 30, 2018.

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2018 with a valuation date of June 30, 2017. Besides the discount rate, the actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Comprehensive Annual Financial Report located on the DRS employer-resource GASB webpage. These assumptions reflect the results of OSA's 2007-2012 Experience Study and the 2017 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018. Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation

- **Salary increases**: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

- **Investment rate of return:** 7.4%

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 minor changes in methods and assumptions since the last valuation.

- Updated valuation interest rate, general salary growth, and inflation assumptions to be consistent with the assumptions adopted by the Pension Funding Council and LEOFF 2 Board.
  - Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40 %.
  - Lowered assumed general salary growth from 3.75% to 3.50% for all systems.
  - Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Improved how minimum benefits paid to TRS 1 annuitants were modeled in the case where the member had elected a reduced annuity upon retirement.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.
- 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 and TRS Plan 1 is valued for legal order payees was improved.
- The average expected remaining service lives calculation was revised. It is used to recognize the changes in pension expense to no longer discount future years of service back to the present day.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.40 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. To determine that rate, an asset sufficiency test included an assumed 7.50 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.50 percent except LEOFF 2, which has assumed 7.40 percent). Consistent with the long-term expected rate of return, a 7.40 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3employers, whose rates include a component for the PERS 1plan 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 7.40 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 7.40 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.40 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

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, 2018, are summarized in the table below. The inflation component used to create the table is 2.20 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	7%	4.90%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%

Sensitivity of NPL

The table below presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.40 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$708,672	$576,654	$497,163
PERS 2/3	$1,237,687	$270,590	$(522,321)

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 September 30, 2018, the Authority reported a total pension liability of $ 847,245 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$576,654
PERS 2/3	$270,590

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

	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	0.013352%	0.012912%	(0.000440%)
PERS 2/3	0.016531%	0.015848%	(0.000683%)

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, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended September 30, 2018, the Authority recognized pension expense as follows:

	Pension Expense
PERS 1	$55,342
PERS 2/3	-39,786
TOTAL	$ 15,556

Deferred Outflows of Resources and Deferred Inflows of Resources

At September 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 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	$-	$22,916
Changes of assumptions	$-	$-
Changes in proportion and differences between contributions and proportionate share of contributions	$-	$-
Contributions subsequent to the measurement date	$21,800	$-
TOTAL	$21,800	$22,916

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$33,167	$47,375
Net difference between projected and actual investment earnings on pension plan investments	$-	$166,047
Changes of assumptions	$3,165	$77,008
Changes in proportion and differences between contributions and proportionate		

share of contributions	$(2,878)	$46,373
Contributions subsequent to the measurement date	$31,316	$-
TOTAL	$64,770	$336,803

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 September 30, 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:	PERS # 1	PERS # 2 & 3
2018	$ 1,003	$ (43,118)
2019	$(5,010)	$(66,461)
2020	$(15,032)	$(109,972)
2021	$(3,877)	$(41,866)
2022	$ -	$(18,160)
Thereafter	$ -	$(23,772)
TOTAL	$(22,916)	$ (303,349)

Note 13 – RISK MANAGEMENT

The Authority is not facing any type of risk and has no settlements that exceeded the insurance coverage traditionally insured with property and casualty insurance. We are unaware of any loss exposures that may need specialized coverage traditionally excluded in property and casualty insurance.

The Authority is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 190.080 ORS and 48.62 RCW (self-insurance regulation) and Chapter 39.34 (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. HARRP is a U.S. Department of Housing and Urban Development (HUD) approved self-insurance entity for utilization by public housing authorities. HARRP has a total of eighty-three member/owner housing authorities in the states of Washington, Oregon, California and Nevada.

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.

General and Automobile Liability Coverage is written on an occurrence basis, without member deductibles. Errors and Omissions coverage (which includes Employment Practices Liability) is written on claims made basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage offered by HARRP 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 greater deductibles and E & O co-payments). Our property coverages include: Vandalism & Malicious Mischief, Crime, Equipment Breakdown Coverages, as well as 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 and $2,000,000 annual aggregate. Higher Limits are available by purchasing an umbrella through our insurance agency. 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 $2,000,000 aggregate. HARRP self-insures the first $1 million of coverage for liability lines and purchases an additional $1 million in reinsurance for a total of $2 million. For property, HARRP retains the first $1,000,000 and purchases an additional $1 million reinsurance policy and then purchases $45 million of excess insurance from Munich Reinsurance for a combined total of $47,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its 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 on the basis of 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.

Note 14 – LINE OF CREDIT

At September 30, 2018 the Authority maintained a line of credit of $100,000 with Heritage Bank. The line of credit secured by all of the Authority's resources. The interest rate terms under this line of credit agreement are variable. The initial rate is 6.00% per annum. At year end $66,056 was drawn down in support of development activities. The line of credit is due on September 1, 2019.

Note 15 – SUBSEQUENT EVENTS

- The Authority refinanced its loan with Columbia State Bank as of November 20, 2018. The loan for $463,000 has an interest rate of 4.430% and is due in 119 monthly installments of $2,573.52 and one irregular payment of $339,144.29. The funds were used to pay off the existing loan of $362,710 and to fund repairs.

- As of October 11, 2018, the Authority, Joint Pacific County Housing Authority and U.S. Bancorp Community Development Corporation entered into a partnership to develop, build and operate Driftwood Point Apartments. The project is being developed as Driftwood Point Apartments, LLLP.

  The project will consist of twenty-seven units in three building with not less than forty-five adjacent parking spaces. The project is located in Long Beach, Pacific County, Washington.

  Development resources for Driftwood Point come, primarily, from the sale of Low Income Housing Tax Credits and a first mortgage loan from the Washington Department of Commerce. This funding requires that each unit must be occupied by households at or less that 60% of Area median Income. Further twenty of the units will be set aside for households certified as homeless, two units will be set aside for veterans and nine units are set aside for persons with a disability. Units are intended for households/families without age restriction and there is no service component required of residents. The Authority has attached Project Based Rental Assistance to each of the units.

Schedules of Required Supplementary Information

SCHEDULE OF THE HOUSING AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

For the year ended June 30, 2018

Last 10 Fiscal Years*

PERS # 1	2018	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.012912%	0.013352%	0.013755%	0.014029%	0.013600%	0.012800%
Housing Authority's proportionate share of the net pension liability (asset)	576,654	633,563	738,708	733,847	686,467	749,164
Housing Authority's covered-employee payroll	1,546,813	1,636,756	1,638,786	1,562,230	1,524,998	1,365,898
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.28%	38.71%	45.08%	46.97%	45.01%	54.85%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	61.24%	57.03%	59.10%	61.19%	

PERS # 2/3	2018	2017	2016	2015	2014	2013
Housing Authority's proportion of the net pension liability (asset)	0.015848%	0.016531%	0.016945%	0.017532%	0.001710%	0.016200%
Housing Authority's proportionate share of the net pension liability (asset)	270,590	574,373	853,167	626,428	345,633	692,981
Housing Authority's covered-employee payroll	1,546,813	1,636,756	1,638,786	1,562,230	1,524,998	1,365,898
Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	17.49%	35.09%	52.06%	40.10%	22.66%	50.73%
Plan fiduciary net position as a percentage of the total pension liability	95.77%	90.97%	85.82%	89.20%	93.29%	

* The amounts presented for each fiscal year were determined as of the June year end that occurred within the fiscal year. Until a full ten years is compiled information is presented only for those years for which information is available.

SCHEDULE OF THE HOUSING AUTHORITY CONTRIBUTIONS
Pension Plans
Last 10 Fiscal Years*

PERS # 1	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Contractually required contribution	80,996	80,730	80,961	65,647	65,892	39,027
Contributions in relation to the contractually required contribution	(80,996.00)	(80,730.00)	(80,961.00)	(65,647.00)	(65,892.00)	(39,027.00)
Contribution deficiency (excess}	-	-	-	-	-	-
Housing Authority's covered-employee payroll	1,704,335	1,633,272	1,662,116	1,530,151	1,608,135	1,371,296
Contributions as a percentage of covered-employee payroll	4.75%	4.94%	4.87%	4.29%	4.10%	

PERS # 2/3	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Contractually required contribution	125,703	105,134	101,871	80,174	79,322	64,326
Contributions in relation to the contractually required contribution	(125,703.00)	(105,134.00)	(101,871.00)	(80,174.00)	(79,322.00)	(64,326.00)
Contribution deficiency (excess}	-	-	-	-	-	-
Housing Authority's covered-employee payroll	1,704,335	1,633,272	1,662,116	1,530,151	1,608,135	1,371,296
Contributions as a percentage of covered-employee payroll	7.38%	6.44%	6.13%	5.24%	4.93%	4.69%

* Until a full ten years is compiled information is presented only for those years for which information is available.

NOTE 1 – BASIS OF ACCOUNTING AND PRESENTATION

The HOSWWA maintains it accounting records in accordance with U.S. Generally Accepted Accounting Principles (GAAP) on the accrual basis. Revenues are recognized in the period earned, with the corresponding receivable recorded at that time. Expenses are recognized in the period incurred.

NOTE 2 – CHANGES OF BENEFIT TERMS

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

NOTE 3 – CHANGES OF ASSUMPTIONS

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

- Updated valuation interest rate, general salary growth, and inflation assumptions to be consistent with the assumptions adopted by the Pension Funding Council and LEOFF 2 Board.
  - Lowered the valuation interest rate from 7.70% to 7.50% for all systems except LEOFF 2. For LEOFF 2 the valuation interest rate was lowered from 7.50% to 7.40 %.
  - Lowered assumed general salary growth from 3.75% to 3.50% for all systems.
  - Lowered assumed inflation from 3.00% to 2.75% for all systems.
- Modified how the valuation software calculates benefits paid to remarried duty-related death survivors of LEOFF 2 members.
- Improved how minimum benefits paid to TRS 1 annuitants were modeled in the case where the member had elected a reduced annuity upon retirement.
- Updated the trend that the valuation software uses to project medical inflation for LEOFF 2 survivors of a duty-related death, and for certain LEOFF 2 medical-related duty disability benefits.
- 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 and TRS Plan 1 is valued for legal order payees was improved.
- The average expected remaining service lives calculation was revised. It is used to recognize the changes in pension expense to no longer discount future years of service back to the present day. There were no changes in the assumptions for the Pension Plans.

HOUSING OPPORTUNITIES OF SW WASHINGTON

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2018

CFDA#	Federal Agency	Program Name	Pass Through Agency	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total Federal Expenditures	Foot Note Reference
	Department of Agriculture:							
10.415		Rural Rental Housing Loans		56-008-977666317-016	$ 63,399	$ -	$ 63,399	
10.415		Rural Rental Housing Loans		56-008-977666317-028	69,923	-	69,923	
10.415		Rural Rental Housing Loans		56-008-977666317-030	10,446	-	10,446	
10.415		Rural Rental Housing Loans		56-008-977666317-041	28,457	-	28,457	
10.415		Rural Rental Housing Loans		56-008-977666317-016	688,446	-	688,446	3b
10.415		Rural Rental Housing Loans		56-008-977666317-028	1,123,320	-	1,123,320	3a
10.415		Rural Rental Housing Loans		56-008-977666317-030	303,037	-	303,037	3c
10.415		Rural Rental Housing Loans		56-008-977666317-041	825,491	-	825,491	3d
					3,112,519	-	3,112,519	
	Department of Agriculture:							
10.427		Rural Rental Assistance Payments		56-008-977666317-016	145,189	-	145,189	
10.427		Rural Rental Assistance Payments		56-008-977666317-028	227,989	-	227,989	
10.427		Rural Rental Assistance Payments		56-008-977666317-030	44,484	-	44,484	
10.427		Rural Rental Assistance Payments		56-008-977666317-041	112,498	-	112,498	
					530,160	-	530,160	
	Total Department of Agriculture				3,642,679	-	3,642,679	
	Department of Housing & Urban Development:							
14.228		Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Cowlitz County	17-62210-023	-	562	562	
		Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Washington Dept of Commerce	16-62210-020	-	49,689	49,689	
					-	50,251	50,251	
14.247		Self-Help Homeownership Opportunity Program	Community Frameworks		-	15,000	15,000	3g
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	15-42401-116	-	86,344	86,344	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	15-42401-117	-	116,180	116,180	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	15-42401-124		3,592	3,592	
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	Phoenix House	-	1,775,000	1,775,000	3f
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	Sylvester	-	1,234,152	1,234,152	3e
14.239		Home Investment Partnerships Program	Washington Dept of Commerce	18-42401-116	-	76,980	76,980	
					-	3,292,248	3,292,248	
14.856		Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation		WA007MR0001	312	-	312	
		Subtotal Section 8 Project-Based Cluster			312		312	
14.871		Section 8 Housing Choice Vouchers		WA007VO	8,990,066	-	8,990,066	
		Subtotal Housing Voucher Cluster-Cluster			8,990,066		8,990,066	
14.896		Family Self-Sufficiency Program Coordinators			84,129	-	84,129	
	Total Department of Housing & Urban Development				9,074,507	3,357,499	12,432,006	
	Department of Veterans Affairs:							
64.024		VA Homeless Providers Grant and Per Diem Program (Veterans Per-Diem)		LONG000-0006-648-SI-18-0	331,978	-	331,978	
64.024		VA Homeless Providers Grant and Per Diem Program (HCHV Transitional Housing)		15-16-WA	150,420	-	150,420	
					482,398	-	482,398	
64.033		VA Supportive Services for Veteran Families Program	Metropolitan Development Council	14-WA-300	-	474,819	474,819	
	Total Department of Veterans Affairs				482,398	474,819	957,217	
		Total Federal Assistance			$ 13,199,584	$ 3,832,318	$ 17,031,902	

There were no expenditures to subrecipients.

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

Note 1 – BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Authority's financial statements. The Authority uses U.S. Generally Accepted Accounting Principles and the accrual basis of accounting.

Note 2 – PROGRAM COSTS

Except as noted in the next paragraph the amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Authority's portion, are more than shown.

The amounts shown on the schedule for the Housing Choice Voucher program (CFDA 14.871) represent amounts received by the Authority. Actual expenditures of the grant funds during the period were $9,234,421.
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Note 3 – FEDERAL LOANS

The amount listed for each loan includes the proceeds received during the year and outstanding loan balance from prior years. Both the current year loans are also reported on the Agency's Schedule of Long-Term Debt.

a) The Authority was approved by the USDA Rural Housing Service to receive a loan totaling $1,438,736 to acquire and renovate 61 units of economically designed and constructed rental housing suited for rural resident. The 9/30/2018 balance of the loan is $1,092,884.
b) The Authority was approved by the USDA Rural Housing Service to receive loans totaling $1,238,636 to acquire and renovate 39 units of economically designed and constructed rental housing suited for rural resident. The 9/30/2018 balance of the loan is $630,935.
c) The Authority was approved by the USDA Rural Housing Service to receive loans totaling $342,312 to acquire and renovate 16 units of economically designed and constructed rental housing suited for rural resident. The 9/30/2018 balance of the loan is $298,360.
d) The Authority was approved by the USDA Rural Housing Service to receive loans totaling $ 932,483 to acquire and renovate 35 units of economically designed and constructed rental housing suited for rural resident. The 9/30/2018 balance of the loan is $812,752.
e) The Authority was approved by the Washington State Department of Commerce to receive loans totaling $1,565,717 to acquire and renovate 35 units of affordable housing. The 9/30/2018 balance of the loan is $1,214,131.

f) The Authority was approved by the Washington State Department of Commerce to receive loans totaling $1,775,000 to build 20 units of affordable housing. The 9/30/2018 balance of the loan is $1,775,000.
g) The Authority was approved by Community Frameworks to receive loans totaling $15,000 for land acquisition to create affordable housing. The 9/30/2018 balance of the loan is $15,000.

Note 4 – INDIRECT COST RATE

The Authority has not elected to use the 10% de minims indirect cost rate allowed under the Uniform Guidance.

Housing Authority City of Longview (WA007)
Longview, WA
Entity Wide Balance Sheet Summary

Submission Type: Audited/ Single Audit   Fiscal Year End: 09/30/2018

	14.896 PIH Family Self-Sufficiency Program	10.415 Rural Rental Housing Loans	14.228 Community Development Block Grants/State's Program	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.247 Self-Help Homeownership Opportunity Program	6.1 Component Unit - Discretely Presented	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	1 Business Activities	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
111 Cash - Unrestricted				$101,445	$28,121		$68,236	$27,667	$0	$184,203		$17,440	$427,112		$427,112
112 Cash - Restricted - Modernization and Development										$4,432		$0	$4,432		$4,432
113 Cash - Other Restricted				$345,010	$6,215		$180,710		$24,659	$23,860		$0	$580,454		$580,454
114 Cash - Tenant Security Deposits				$40,226			$10,825			$33,229		$0	$84,280		$84,280
115 Cash - Restricted for Payment of Current Liabilities					$109,636							$0	$109,636		$109,636
100 Total Cash	$0	$0	$0	$486,681	$143,972	$0	$259,771	$27,667	$24,659	$245,724	$0	$17,440	$1,205,914	$0	$1,205,914
121 Accounts Receivable - PHA Projects												$0			
122 Accounts Receivable - HUD Other Projects	$6,825											$0	$6,825		$6,825
124 Accounts Receivable - Other Government			$562	$176			$73	$38,830	$25,482	$41,856	$41,369	$0	$148,348		$148,348
125 Accounts Receivable - Miscellaneous							$261		$0	$33,349		$0	$33,610		$33,610
126 Accounts Receivable - Tenants				$1,084	$36		$5,252			$2,070		$0	$8,442		$8,442
126.1 Allowance for Doubtful Accounts -Tenants				$0	$0		$0			$0		$0	$0		$0
126.2 Allowance for Doubtful Accounts - Other	$0		$0	$0			$0	$0	$0	$0	$0	$0	$0		$0
127 Notes, Loans, & Mortgages Receivable - Current						$0						$0	$0		$0
128 Fraud Recovery												$0			
128.1 Allowance for Doubtful Accounts - Fraud												$0			
129 Accrued Interest Receivable										$0		$0	$0		$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	$6,825	$0	$562	$1,260	$36	$0	$5,586	$38,830	$25,482	$77,275	$41,369	$0	$197,225	$0	$197,225
131 Investments - Unrestricted												$0			
132 Investments - Restricted												$0			
135 Investments - Restricted for Payment of Current Liability												$0			
142 Prepaid Expenses and Other Assets				$18,857			$10,768	$1,680		$15,506		$0	$46,811		$46,811
143 Inventories				$3,463	$302				$7	$4,682		$0	$8,454		$8,454
143.1 Allowance for Obsolete Inventories				$0	$0				$0	$0		$0	$0		$0
144 Inter Program Due From				$140,113						$59,116		$0	$199,229	$199,229	$398,458
145 Assets Held for Sale												$0			
150 Total Current Assets	$6,825	$0	$562	$650,374	$144,310	$0	$276,125	$68,177	$50,148	$402,303	$41,369	$17,440	$1,657,633	$199,229	$1,856,862
161 Land				$572,737			$308,313			$1,698,492		$0	$2,579,542		$2,579,542
162 Buildings				$5,609,971			$7,715,846			$8,515,137		$0	$21,840,954		$21,840,954
163 Furniture, Equipment & Machinery - Dwellings							$0			$14,301		$0	$14,301		$14,301
164 Furniture, Equipment & Machinery - Administration				$3,022	$28,724					$167,950		$0	$199,696		$199,696
165 Leasehold Improvements										$2,716,656		$0	$2,716,656		$2,716,656
166 Accumulated Depreciation				-$2,401,449	-$21,562		-$1,194,040			-$3,696,954		$0	-$7,314,005		-$7,314,005
167 Construction in Progress			$562	$0						$26,467		$0	$27,029		$27,029
168 Infrastructure							$227,935					$0	$227,935		$227,935

160 Total Capital Assets, Net of Accumulated Depreciation	$0	$0	$562	$3,784,281	$7,162	$0	$7,058,054	$0	$0	$9,442,049	$0	$0	$20,292,108	$0	$20,292,108
171 Notes, Loans and Mortgages Receivable - Non-Current						$15,000			$185,000	$594,317		$0	$794,317		$794,317
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due												$0			
173 Grants Receivable - Non Current												$0			
174 Other Assets							$51,182			$66,128		$0	$117,310		$117,310
176 Investments in Joint Ventures										$266,510		$0	$266,510		$266,510
180 Total Non-Current Assets	$0	$0	$562	$3,784,281	$7,162	$15,000	$7,109,236	$0	$185,000	$10,369,004	$0	$0	$21,470,245	$0	$21,470,245
200 Deferred Outflow of Resources	$4,352			$11,682	$22,972			$19,779	$972	$28,712		$0	$88,469		$88,469
290 Total Assets and Deferred Outflow of Resources	$11,177	$0	$1,124	$4,446,337	$174,444	$15,000	$7,385,361	$87,956	$236,120	$10,800,019	$41,369	$17,440	$23,216,347	$199,229	$23,415,576
311 Bank Overdraft												$0			
312 Accounts Payable <= 90 Days			$284	$16,638	$9,912		$18,258	$658	$2,404	$75,356	$25,559	$36	$149,105		$149,105
313 Accounts Payable >90 Days Past Due												$0			
321 Accrued Wage/Payroll Taxes Payable	$6,826		$278	$25,198	$37,488			$23,681	$900	$88,008	$20,563	$0	$202,942		$202,942
322 Accrued Compensated Absences - Current Portion												$0			
324 Accrued Contingency Liability												$0			
325 Accrued Interest Payable				$1,668		$0	$57,271			$189,863		$0	$248,802		$248,802
331 Accounts Payable - HUD PHA Programs												$0			
332 Account Payable - PHA Projects					$194							$0	$194		$194
333 Accounts Payable - Other Government							$55,558					$0	$55,558		$55,558
341 Tenant Security Deposits				$40,226			$10,825			$33,229		$0	$84,280		$84,280
342 Unearned Revenue				$11,924			$4,820	$23,664	$97	$10,953		$0	$51,458		$51,458
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				$135,253			$17,743			$474,361		$0	$627,357		$627,357
344 Current Portion of Long-term Debt - Operating Borrowings												$0			
345 Other Current Liabilities					$109,636					$550		$0	$110,186		$110,186
346 Accrued Liabilities - Other										$849		$0	$849		$849
347 Inter Program - Due To										$199,229		$0	$199,229	$199,229	$398,458
348 Loan Liability - Current										$66,056		$0	$66,056		$66,056
310 Total Current Liabilities	$6,826	$0	$562	$230,907	$157,230	$0	$164,475	$48,003	$3,401	$1,138,454	$46,122	$36	$1,796,016	$199,229	$1,995,245
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$4,140,387		$15,000	$1,629,968			$7,624,325		$0	$13,409,680		$13,409,680
352 Long-term Debt, Net of Current - Operating Borrowings												$0			
353 Non-current Liabilities - Other												$0			
354 Accrued Compensated Absences - Non Current				$4,533	$16,151			$9,427	$140	$33,885	$3,466	$0	$67,602		$67,602
355 Loan Liability - Non Current												$0			
356 FASB 5 Liabilities												$0			
357 Accrued Pension and OPEB Liabilities	$41,684			$111,879	$219,992			$98,497	$9,305	$274,967	$90,921	$0	$847,245		$847,245
350 Total Non-Current Liabilities	$41,684	$0	$0	$4,256,799	$236,143	$15,000	$1,629,968	$107,924	$9,445	$7,933,177	$94,387	$0	$14,324,527	$0	$14,324,527
300 Total Liabilities	$48,510	$0	$562	$4,487,706	$393,373	$15,000	$1,794,443	$155,927	$12,846	$9,071,631	$140,509	$36	$16,120,543	$199,229	$16,319,772
400 Deferred Inflow of Resources	$17,846			$47,896	$94,182			$81,093	$3,984	$117,716		$0	$362,717		$362,717
508.4 Net Investment in Capital Assets			$562	-$491,359	$7,162	-$15,000	$5,410,343			$1,343,363		$0	$6,255,071		$6,255,071

511.4 Restricted Net Position				$345,010	$6,215		$180,710		$24,659	$23,860		$0	$580,454		$580,454
512.4 Unrestricted Net Position	-$55,179	$0	$0	$57,084	-$326,488	$15,000	-$135	-$149,064	$194,631	$243,449	-$99,140	$17,404	-$102,438		-$102,438
513 Total Equity - Net Assets / Position	-$55,179	$0	$562	-$89,265	-$313,111	$0	$5,590,918	-$149,064	$219,290	$1,610,672	-$99,140	$17,404	$6,733,087	$0	$6,733,087
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$11,177	$0	$1,124	$4,446,337	$174,444	$15,000	$7,385,361	$87,956	$236,120	$10,800,019	$41,369	$17,440	$23,216,347	$199,229	$23,415,576

Housing Authority City of Longview (WA007)
Longview, WA
Entity Wide Revenue and Expense Summary

Submission Type: Audited/ Single Audit Fiscal Year End: 09/30/2018

	14.896 PIH Family Self-Sufficiency Program	10.415 Rural Rental Housing Loans	14.228 Community Development Block Grants/State's Program	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.247 Self-Help Homeownership Opportunity Program	6.1 Component Unit - Discretely Presented	64.024 VA Homeless Providers Grant and Per Diem Program	14.239 HOME Investment Partnerships Program	1 Business Activities	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue				$441,807			$331,379			$868,673		$0	$1,641,859		$1,641,859
70400 Tenant Revenue - Other				$54,239			$15,931			$24,817		$0	$94,987		$94,987
70500 Total Tenant Revenue	$0	$0	$0	$496,046	$0	$0	$347,310	$0	$0	$893,490	$0	$0	$1,736,846	$0	$1,736,846
70600 HUD PHA Operating Grants	$84,129				$8,990,066							$312	$9,074,507		$9,074,507
70610 Capital Grants												$0			
70710 Management Fee												$0			
70720 Asset Management Fee												$0			
70730 Book Keeping Fee												$0			
70740 Front Line Service Fee												$0			
70750 Other Fees												$0			
70700 Total Fee Revenue												$0	$0	$0	$0
70800 Other Government Grants		$172,225	$50,251	$530,160				$482,398	$283,096	$174,018	$474,819	$0	$2,166,967		$2,166,967
71100 Investment Income - Unrestricted				$4,750						$13,266		$0	$18,016		$18,016
71200 Mortgage Interest Income										$2,533		$0	$2,533		$2,533
71300 Proceeds from Disposition of Assets Held for Sale												$0			
71310 Cost of Sale of Assets												$0			
71400 Fraud Recovery					$24,494							$0	$24,494		$24,494
71500 Other Revenue					$95,215			$3		$621,479		$0	$716,697	$495,254	$1,211,951
71600 Gain or Loss on Sale of Capital Assets				$1,847						$245		$0	$2,092		$2,092
72000 Investment Income - Restricted				$23						$50		$0	$73		$73
70000 Total Revenue	$84,129	$172,225	$50,251	$1,032,826	$9,109,775	$0	$347,310	$482,401	$283,096	$1,705,081	$474,819	$312	$13,742,225	$495,254	$14,237,479
91100 Administrative Salaries				$3,204	$348,555			$77,337	$1,057	$373,525	$42,502	$0	$846,180		$846,180
91200 Auditing Fees				$3,626	$27,252		$5,990	$1,441	$714	$5,340	$1,398	$119	$45,880		$45,880
91300 Management Fee							$23,386					$0	$23,386		$23,386
91310 Book-keeping Fee												$0			
91400 Advertising and Marketing												$0			
91500 Employee Benefit contributions - Administrative				$647	$74,762			$12,735	$242	$75,514	$11,111	$0	$175,011		$175,011
91600 Office Expenses				$31,106	$42,241		$7,221	$35,120	$1,939	$64,999	$22,350	$0	$204,976		$204,976
91700 Legal Expense				$3,449			$1,961			$8,639		$0	$14,049		$14,049
91800 Travel				$5,423	$4,312		$711	$3,842	$875	$8,658	$10,217	$0	$34,038		$34,038
91810 Allocated Overhead				$0						$0		$0	$0		$0
91900 Other				$111,902	$302,749		$7,824	$61,725	$5,203	$101,247	$39,540	$0	$630,190	$495,254	$1,125,444
91000 Total Operating - Administrative	$0	$0	$0	$159,357	$799,871	$0	$47,093	$192,200	$10,030	$637,922	$127,118	$119	$1,973,710	$495,254	$2,468,964
92000 Asset Management Fee							$5,005					$0	$5,005		$5,005
92100 Tenant Services - Salaries	$58,244			$54,783				$175,518	$13,042	$41,263	$188,042	$0	$530,892		$530,892
92200 Relocation Costs												$0			
92300 Employee Benefit Contributions - Tenant Services	$11,183			$8,964				$15,444	$2,426	$6,761	$43,182	$0	$87,960		$87,960
92400 Tenant Services - Other				-$2,586			$31,444	$67,889		$46,247	$113,332	$0	$256,326		$256,326

92500 Total Tenant Services	$69,427	$0	$0	$61,161	$0	$0	$31,444	$258,851	$15,468	$94,271	$344,556	$0	$875,178	$0	$875,178
93100 Water				$42,075			$15,012			$28,372		$0	$85,459		$85,459
93200 Electricity				$28,397			$7,731			$57,746		$0	$93,874		$93,874
93300 Gas										$5,984		$0	$5,984		$5,984
93400 Fuel												$0			
93500 Labor												$0			
93600 Sewer				$66,206			$18,952			$60,056		$0	$145,214		$145,214
93700 Employee Benefit Contributions - Utilities												$0			
93800 Other Utilities Expense				$50,514			$3			$25,748		$0	$76,265		$76,265
93000 Total Utilities	$0	$0	$0	$187,192	$0	$0	$41,698	$0	$0	$177,906	$0	$0	$406,796	$0	$406,796
94100 Ordinary Maintenance and Operations - Labor				$135,417			$45,616			$113,105		$0	$294,138		$294,138
94200 Ordinary Maintenance and Operations - Materials and Other				$44,866			$8,090			$43,878		$0	$96,834		$96,834
94300 Ordinary Maintenance and Operations Contracts				$130,050	$1,215		$18,867	$1,477	$63	$171,666	$319	$0	$323,657		$323,657
94500 Employee Benefit Contributions - Ordinary Maintenance				$36,510			$17,140			$30,535		$0	$84,185		$84,185
94000 Total Maintenance	$0	$0	$0	$346,843	$1,215	$0	$89,713	$1,477	$63	$359,184	$319	$0	$798,814	$0	$798,814
95100 Protective Services - Labor												$0			
95200 Protective Services - Other Contract Costs				$2,279			$390			$4,140		$0	$6,809		$6,809
95300 Protective Services - Other												$0			
95500 Employee Benefit Contributions - Protective Services												$0			
95000 Total Protective Services	$0	$0	$0	$2,279	$0	$0	$390	$0	$0	$4,140	$0	$0	$6,809	$0	$6,809
96110 Property Insurance				$29,146	$5,032		$12,720	$2,590	$274	$27,999	$2,062	$0	$79,823		$79,823
96120 Liability Insurance												$0			
96130 Workmen's Compensation												$0			
96140 All Other Insurance												$0			
96100 Total insurance Premiums	$0	$0	$0	$29,146	$5,032	$0	$12,720	$2,590	$274	$27,999	$2,062	$0	$79,823	$0	$79,823
96200 Other General Expenses				$14	$29,426			$1,229		$3,035		$0	$33,704		$33,704
96210 Compensated Absences												$0			
96300 Payments in Lieu of Taxes				$0			$3,405			$13,974		$0	$17,379		$17,379
96400 Bad debt - Tenant Rents				$5,783			$4,860			$6,343		$0	$16,986		$16,986
96500 Bad debt - Mortgages												$0			
96600 Bad debt - Other												$0			
96800 Severance Expense												$0			
96000 Total Other General Expenses	$0	$0	$0	$5,797	$29,426	$0	$8,265	$1,229	$0	$23,352	$0	$0	$68,069	$0	$68,069
96710 Interest of Mortgage (or Bonds) Payable		$172,225		$43,283			$69,893			$166,996		$0	$452,397		$452,397
96720 Interest on Notes Payable (Short and Long Term)												$0			
96730 Amortization of Bond Issue Costs												$0			
96700 Total Interest Expense and Amortization Cost	$0	$172,225	$0	$43,283	$0	$0	$69,893	$0	$0	$166,996	$0	$0	$452,397	$0	$452,397
96900 Total Operating Expenses	$69,427	$172,225	$0	$835,058	$835,544	$0	$306,221	$456,347	$25,835	$1,491,770	$474,055	$119	$4,666,601	$495,254	$5,161,855
97000 Excess of Operating Revenue over Operating Expenses	$14,702	$0	$50,251	$197,768	$8,274,231	$0	$41,089	$26,054	$257,261	$213,311	$764	$193	$9,075,624	$0	$9,075,624
97100 Extraordinary Maintenance												$0			
97200 Casualty Losses - Non-capitalized												$0			

97300 Housing Assistance Payments				$1,406	$8,398,542				$261,065	$2,036		$0	$8,663,049		$8,663,049
97350 HAP Portability-In					$77,570							$0	$77,570		$77,570
97400 Depreciation Expense			$0	$188,880	$4,776		$349,466			$332,772		$0	$875,894		$875,894
97500 Fraud Losses												$0			
97600 Capital Outlays - Governmental Funds												$0			
97700 Debt Principal Payment - Governmental Funds												$0			
97800 Dwelling Units Rent Expense												$0			
90000 Total Expenses	$69,427	$172,225	$0	$1,025,344	$9,316,432	$0	$655,687	$456,347	$286,900	$1,826,578	$474,055	$119	$14,283,114	$495,254	$14,778,368
10010 Operating Transfer In												$0			
10020 Operating transfer Out												$0			
10030 Operating Transfers from/to Primary Government												$0			
10040 Operating Transfers from/to Component Unit												$0			
10050 Proceeds from Notes, Loans and Bonds												$0			
10060 Proceeds from Property Sales												$0			
10070 Extraordinary Items, Net Gain/Loss												$0			
10080 Special Items (Net Gain/Loss)												$0			
10091 Inter Project Excess Cash Transfer In												$0			
10092 Inter Project Excess Cash Transfer Out												$0			
10093 Transfers between Program and Project - In												$0			
10094 Transfers between Project and Program - Out												$0			
10100 Total Other financing Sources (Uses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$14,702	$0	$50,251	$7,482	-$206,657	$0	-$308,377	$26,054	-$3,804	-$121,497	$764	$193	-$540,889	$0	-$540,889
11020 Required Annual Debt Principal Payments	$0	$0	$0	$127,384	$0	$0	$17,523	$0	$0	$112,222	$0	$0	$257,129		$257,129
11030 Beginning Equity	$0	$0	$4,342	$75,931	$247,985	$0	$5,899,295	$11,155	$238,475	$779,583	$0	$17,211	$7,273,977		$7,273,977
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-$69,881		-$54,031	-$172,678	-$354,439			-$186,273	-$15,381	$952,586	-$99,904	$0	-$1		-$1
11050 Changes in Compensated Absence Balance												$0			
11060 Changes in Contingent Liability Balance												$0			
11070 Changes in Unrecognized Pension Transition Liability												$0			
11080 Changes in Special Term/Severance Benefits Liability												$0			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents												$0			
11100 Changes in Allowance for Doubtful Accounts - Other												$0			
11170 Administrative Fee Equity					-$317,505							$0	-$317,505		-$317,505
11180 Housing Assistance Payments Equity					$4,394							$0	$4,394		$4,394
11190 Unit Months Available				1812	16915		456		506	1452		0	21141		21141
11210 Number of Unit Months Leased				1785	16530		450		506	1411		0	20682		20682
11270 Excess Cash												$0			
11610 Land Purchases												$0			
11620 Building Purchases												$0			
11630 Furniture & Equipment - Dwelling Purchases												$0			
11640 Furniture & Equipment - Administrative Purchases												$0			
11650 Leasehold Improvements Purchases												$0			
11660 Infrastructure Purchases												$0			
13510 CFFP Debt Service Payments												$0			
13901 Replacement Housing Factor Funds												$0			