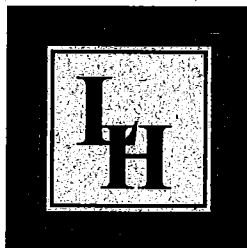


HOUSING AUTHORITY OF THE CITY OF LONGVIEW

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2010



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Housing Authority of the City of Longview

Summary of Auditor's Results

For the Year Ended September 30, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified

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 noted: _____ 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 _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major program:

14.871 Section 8 Housing Choice Vouchers

Housing Authority of the City of Longview

Summary of Auditor's Results - (Continued)

For the Year Ended September 30, 2010

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

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

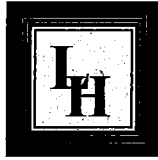
 X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were noted.



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Longview
Longview, Washington

We have audited the financial statements of the business-type activities of the Housing Authority of the City of Longview, Washington (the Authority), as of and for the year ended September 30, 2010, and have issued our report thereon dated December 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Longview's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Longview's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Longview's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate to the public as a reporting tool to help citizens assess government operations.

Loveidge Hunt & Co, PLLC

December 29, 2010



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Housing Authority of the City of Longview
Longview, Washington

We have audited the compliance of Housing Authority of the City of Longview, Washington (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. The Authority's major federal programs are identified in the Summary of Auditor's Results. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and, OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority has complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 - (CONTINUED)

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Longview'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 - (CONTINUED)

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Housing Authority of the City of Longview, as of and for the year ended September 30, 2010 and issued our report thereon dated December 29, 2010. Our audit was performed for the purpose of forming and opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We noted certain matters that we reported to management of the Authority in a separate letter dated December 29, 2010.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate to the public as a reporting tool to help citizens assess government operations.

Loveridge Hunt & PLL

December 29, 2010



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Commissioners
Housing Authority of the City of Longview
Longview, Washington

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Longview, Washington (the Authority), as of and for the year ended September 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. 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 an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Housing Authority of the City of Longview, as of September 30, 2010, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

Management's Discussion and Analysis on pages 10 through 15 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report, dated December 29, 2010, 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 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for the purpose of additional analysis. The accompanying Financial Data Schedule is supplemental information required by HUD. These schedules are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lovridge Hunt & Co, PLLC

December 29, 2010

FINANCIAL SECTION

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2010

The Housing Authority of the City of Longview, doing business as the Longview Housing Authority ("Authority"), management's discussion and analysis is designed 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.

Financial Highlights

- The Authority's cash position improved by \$94 thousand (5.0%). Unrestricted cash and cash equivalents increased by \$125 thousand (22.0%) during FY2010. The year end unrestricted cash and equivalents were \$685 thousand. Restricted cash and cash equivalents decreased by \$31 thousand (2.5%). The year end restricted cash and equivalents were \$1.2 million.
- The Authority's net assets increased by \$85 thousand (7.6%) during FY2010. The year end net assets were \$1.2 million.
- The Authority maintained average occupancy rate of 97% across all projects.
- The Authority revenues decreased by \$151 thousand (1.2 %) during FY2010. Revenues were \$12.0 million and \$12.2 million for FY2010 and FY2009, respectively.
- The total expenses of all Authority programs increased by \$406 thousand (3.5 %). Total expenses were \$12.0 million and \$11.6 million for FY2010 and FY2009, respectively.

Authority Wide Financial Statements

The focus of Authority-wide financial statements is on the overall financial position and activities of the Housing Authority of the City of Longview. The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire authority. There are three major sections to the Authority's financial statements included in this report.

The financial statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equal "Net Assets", formerly known as equity. Assets and liabilities are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2010

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Fund Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Fund Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

The financial statement consists exclusively of a single Enterprise Fund and uses the full accrual basis of accounting. The enterprise method of accounting is similar to accounting utilized by the private sector accounting. Again, the items presented on the statement of revenues, expenses and changes in fund net assets are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the Authority. Thus, revenues are reported even when they may not be collected for several months after the end of the accounting periods and expenses are recorded even though they may not have used cash during the current period.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2010

Condensed Comparative Financial Information

The following table¹ presents the condensed **Statement of Net Assets** compared to prior year.

Statement of Net Assets	9/30/2010	9/30/2009
Current and Other Assets	\$ 2,313,701	\$ 2,813,680
Non-current and Capital Assets	17,107,273	17,383,005
Total Assets	\$ 19,420,974	\$ 20,196,685
Current Liabilities	\$ 1,267,156	\$ 1,516,897
Long-Term Liabilities	16,955,132	17,566,108
Total Liabilities	18,222,288	19,083,005
Net Assets:		
Invested in Capital Assets, Net of Related Debt	(1,235,491)	(1,216,652)
Restricted Cash and Investments	1,835,325	1,762,623
Unrestricted	598,852	567,709
Total Net Assets	\$ 1,198,686	\$ 1,113,680

The Authority's current assets exceed current liabilities by \$909 thousand, for a current ratio of 1.7. The current ratio is a measure of the ability to pay debts as they become due.

The Authority had \$1.94 million in cash and investments that were restricted in use by various bond trust indentures, grant regulations and security deposits. These assets may only be used for bond debt service, capital replacements, property improvements or housing assistance payments. This amount decreased by \$31 thousand (1.6 %) from a balance of \$1.97 million at the beginning of the fiscal year. This balance is made up of several accounts including: \$102 thousand in tenant security deposits, \$726 thousand in debt service reserves, \$412 thousand for excess Housing Assistance Payment reserves, \$94 thousand in escrow accounts, \$483 thousand in principal and interest payment deposits and \$120 thousand for required replacement reserves.

The Authority's net assets increased in FY2010 by \$85 thousand (7.6%). With respect to the total assets of \$19 million, 83.7% the Housing Authority's assets are real estate, buildings and improvements to those buildings. Those capital assets are used to provide apartments to low-income tenants and an administrative office for operations.

¹ For more detailed information see the Statement of Net Assets.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2010

The following table presents the condensed **Statement of Revenues, Expenses and Changes in Net Assets** compared to prior year.

Statement of Revenues, Expenses and Changes in Net Assets	9/30/2010	9/30/2009
Revenues		
Operating		
Tenant Revenue	\$ 2,118,919	\$ 1,995,049
Other	594,442	711,817
Non-Operating		
Government Operating Subsidies and Grants	9,323,861	9,475,678
Investment Income	5,979	11,348
Total Revenue	<u>12,043,201</u>	<u>12,193,892</u>
Expenses		
Operating		
Operating	11,254,709	10,823,976
Non-Operating		
Interest	750,088	775,201
Total Expenses	<u>12,004,797</u>	<u>11,599,177</u>
Excess (Deficiency) of Revenues over Expenses	38,404	594,715
Capital contributions		
Change in net assets	38,404	594,715
Prior Period Adjustment	46,602	(6,453)
Net Assets, Beginning of Year	1,113,680	525,418
Net Assets, End of year	<u>\$ 1,198,686</u>	<u>\$ 1,113,680</u>

The Housing Authority's total revenues decreased by \$151 thousand during the year. Most of the decrease is in the other operating revenue category. Other operating revenue decreased by \$117 thousand. The reduction is the result of decreased developer fees. Developer fees are dependent on new development and at this time the three new development projects we are currently involved have been completed or are reaching completion. As such most of the developer fees have already been realized.

Rental income increased 6.8% or \$127 thousand due to an increase in the number of rental units and rent increases over the fiscal year.

Grants revenues in the "Non-operating Revenues and (Expenses)" decreased by 1.7% or \$157 thousand. The change in grant income is attributable to the expiration of one time grants (EDI and CDBG) used for the development of the Phoenix House apartments.

Operating expenses increased 4.0% from the prior year. The increase of \$431 thousand is attributed to the following categories:

- Administration increased \$80 thousand or 6.2%,
- Tenant Services decreased \$130 thousand or 29.4%,
- Utilities increased \$31 thousand or 10.0%,

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2010

- Ordinary Maintenance and Operations decreased \$13 thousand or 1.6%,
- Housing Assistance Payments (for all programs) increased by \$388 thousand or 5.3% and
- Depreciation expense increased by \$37 thousand or 6.9%,
- Other general expenses increased by \$36 thousand or 36.5%.

Capital Asset and Long-Term Debt Administration

Capital Assets

As of the year end, the Authority had \$16 million invested in a variety of capital assets and construction work in progress as reflected in the following schedule, which represents a net decrease of \$396 thousand from the end of last year. The following table also summarizes the changes in capital assets between fiscal years 2010 and 2009:

	FY2010	FY2009	Net Change
Land	\$ 1,528,780	\$ 1,558,896	\$ (30,116)
Construction in progress	46,584	-	46,584
Buildings, improvements & fixtures	16,968,314	16,968,277	37
Leasehold improvements	2,727,053	2,727,052	1
Machinery, vehicles, & equipment	239,129	244,155	(5,026)
Less accumulated depreciation	(5,248,598)	(4,841,387)	(407,211)
Total capital assets (net)	\$ 16,261,262	\$ 16,656,993	\$ (395,731)

Long-Term Debt

The Housing Authority's long-term debt consists of loans, notes and revenue bonds issued for the purpose of acquisition and improvement of real property to provide housing for low income tenants. At September 30, 2010, the total liabilities reported by the Authority are \$18.2 million of which \$17.0 million are classified as long-term and \$1.3 million are current liabilities. For the long term liabilities \$1.2 million (\$726 thousand in Restricted Investments and \$483 thousand in restricted Assets: Other) have been set aside for debt service payments.

Payments of \$392 thousand were made on outstanding bonds and loans principal during the year.

Please refer to Note 5 – CAPITAL ASSETS and Note 10 - LONG TERM DEBT AND LIABILITIES in the Notes to the Financial Statements for more detailed information.

Other Potentially Significant Matters

The Authority is planning the redevelopment of the Stratford Apartments. The twenty units will be remodeled and dedicated to housing homeless veterans in the Authority's jurisdiction. The Authority has applied for and received a \$489,000 Economic Development Initiative – Special Projects grant. In addition the Authority has applied and received an \$189,600 Home grant from the City of Longview.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Management's Discussion and Analysis
September 30, 2010

The Authority has also entered into an agreement with Clark County to purchase land in the Woodland area for future development of affordable housing.

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 Finance Director of the Longview Housing Authority. The Authority's offices are located at 1207 Commerce Ave., Longview, WA 98632. The telephone number is (360) 423-0140 x 16.

Housing Authority of the City of Longview
Statement of Net Assets
September 30, 2010

	Authority
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 684,973
Receivables (Net)	252,635
Prepayments	22,889
Inventory	3,976
Assets Held for Resale	600
Restricted Assets:	
Tenant Security Deposits	101,903
Other Restricted	1,109,314
Total Current Assets	2,176,290
Noncurrent assets	
Loans Receivable	120,000
Restricted Assets	
Investments	726,011
Capital Assets	
Land	1,528,780
Buildings	19,695,367
Equipment	239,129
Construction in Progress	46,584
Accumulated Depreciation	(5,248,598)
Total Capital Assets (Net)	16,261,262
Other Assets	137,411
Total Non-Current Assets	17,244,684
TOTAL ASSETS	\$ 19,420,974
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 71,972
Accrued Liabilities	360,264
Current Portion of Long-Term Debt	587,484
Tenant Security Deposits	101,903
Deferred Revenue	39,604
Other Current Liabilities	94,562
Total Current Liabilities	1,255,789
Noncurrent Liabilities	
Compensated Absences	57,230
Long-Term Debt	16,909,269
Total Noncurrent Liabilities	16,966,499
TOTAL LIABILITIES	18,222,288
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	(1,235,491)
Restricted Net Assets	1,835,325
Unrestricted Net Assets	598,852
TOTAL NET ASSETS	\$ 1,198,686

Housing Authority of the City of Longview
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended September 30, 2010

	Authority
OPERATING REVENUES	
Net Tenant Rental Revenue	\$ 1,984,931
Tenant Revenue - Other	133,988
Other Revenue	594,442
Total Operating Revenue	2,713,361
 OPERATING EXPENSES	
Administration	1,362,826
Tenant Services	311,484
Utilities	344,556
Ordinary Maintenance and Operations	811,303
Housing Assistance Payments	7,706,200
Depreciation and Amortization Expense	582,145
Other General Expenses	136,195
Total Operating Expenses	11,254,709
 OPERATING INCOME (LOSS)	 \$ (8,541,348)
 NONOPERATING REVENUES (EXPENSES)	
HUD Subsidies and Grant Revenue	\$ 7,606,056
Other Government Grants	1,717,805
Investment Income	5,979
Interest Expense	(750,088)
Total NonOperating Revenues (Expenses)	8,579,752
 CHANGE IN NET ASSETS	 38,404
 BEGINNING TOTAL NET ASSETS - 09/30/2009	 \$ 1,113,680
Prior Period Adjustment	46,602
BEGINING TOTAL NET ASSETS RESTATED - 09/30/2009	1,160,282
ENDING TOTAL NET ASSETS ENDING - 09/30/2010	\$ 1,198,686

Housing Authority of the City of Longview
Statement of Cash Flows
For the Year Ended September 30, 2010

	Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Tenants	\$ 2,098,982
Payments to Employees	(1,614,511)
Payments to Suppliers	(1,528,809)
Housing Assistance Payments	(7,725,878)
Other Receipts (Payments)	562,433
Net Cash Provided (Used) in Operating Activities	(8,207,783)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grant Receipts (Payments)	9,470,904
Other Receipts (Payments)	136,723
Net cash provided (used) by noncapital financing activities	9,607,627
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Sale (Purchase) of Capital Assets	(178,480)
(Principal Payments on Capital Debt)	(376,892)
(Interest Payments on Capital Debt)	(756,902)
Net cash provided (used) by capital and related financing activities	(1,312,274)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale (Purchase) of Investments	1
Interest and Dividends	5,979
Net Cash Used in Investing Activities	5,980
Net Increase (Decrease) in Cash and Cash Equivalents	93,550
Cash at the Beginning of the Year	1,802,640
Cash at the End of the Year	\$ 1,896,190
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (8,541,348)
Adjustments to Reconcile Operating Income (Loss) to Net Cash:	
Depreciation Expense & Amortization	582,145
Changes in Assets and Liabilities:	
Decrease (Increase) in Receivables	(3,610)
Decrease (Increase) in Prepaid Expenses	(19,678)
Decrease (Increase) in Inventories	(3,976)
Increase (Decrease) in Accounts Payable	(246,623)
Increase (Decrease) in Other Payables	25,307
Total Adjustments	333,565
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (8,207,783)

Non-cash transactions that would have been reported in the capital and related financing section if the transaction had involved a cash exchange.

- a. Excludes \$109,921 of Bond Original Issue Discount which offsets outstanding debt.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

Note 1 - SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Housing Authority of the City of Longview (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. In June 1999, GASB approved Statement 34, Basic Financial Statements – and Management Discussion and Analysis - for State and Local Governments. This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements). The following is a summary of the most significant policies:

a. Reporting Entity

The Authority is a municipal corporation governed by an appointed six member board. The Authority was incorporated on July 24, 1975 and operates under the laws of the state of Washington applicable to Housing Authorities. The six member board is appointed by the Mayor of the City of Longview. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Authority has no component units.

b. Basis of Accounting And Presentation

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

The Authority has elected to report as a single-enterprise proprietary fund and uses the accrual basis of accounting. The measurement focus is on the flow of economic resources. The proprietary fund is composed of a number of programs over a four-county area which includes: Cowlitz County, Lewis County, Pacific County and Wahkiakum County. These include federal funds from Housing and Urban Development programs; Department of Agriculture, Rural Housing and Veterans Administration programs. The Authority also administers housing programs funded by the State and by the Longview-Kelso Consortium, some of which are indirectly funded by the federal government. Several apartment complexes have been purchased using Housing Revenue Bonds and loans and are also owned and managed by the Authority for the purpose of providing affordable housing stock in our community. These programs are designed to provide low income individuals with housing.

Proprietary funds are used to account for activities that are operated in a manner similar to private enterprise business. Under this method revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

capitalized and long term liabilities are accounted for in the fund.

The Authority applies GASB pronouncements and has not elected to apply Financial Accounting Standard Board (FASB) statements and Accounting Principles Board (APB) pronouncements issued after November 30, 1989.

c. Cash and Cash Equivalents

“Cash and cash equivalents” are considered to be cash on hand and demand deposits. For the purposes of the Statement of Net Assets 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. Receivables

Receivables consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. An estimate of uncollectible accounts is made monthly and subject to approval of the board of commissioners expensed at the end of each month. The change in the Allowance 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. Inventories

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 Assets. 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. Assets Held for Resale

Assets Held for Resale consists of real properties held by the SHARE Home Ownership and Section 8 Home Ownership programs. These programs are assisting low-income families in obtaining homeownership counseling, down payment and closing cost assistance, and help in purchasing and rehabilitating existing housing stock. The Authority takes title and inventories these properties during the rehabilitation phase of the program. These assets are valued at cost and tracked by specific asset.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements for the Year Ended September 30, 2010

g. Loans Receivable

Loans Receivable represents loans of grant proceeds for down payment assistance or mortgage financing in our home ownership programs. The loans are deferred for thirty years and do not accrue interest. These loans are expected to be repaid by the loan recipients at the sooner of the end of the thirty year 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. Of the \$120,000 balance, \$60,000 is due in 2039 and \$60,000 is due in 2040.

h. 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 Assets, restricted resources currently include the following:

“Tenant security deposits” of \$101,903 are held in trust for tenants of the Longview Housing Authority. In accordance with the Washington State Landlord Tenant law the Authority holds these funds in a segregated bank account. The funds are returned at the end of tenancy less any damage that may occur.

“Investments” of \$726,011 are held for debt service reserves. Bond covenants entered into by the Housing Authority require portions of the debt proceeds to be set aside.

“Other Restricted (Cash)” of \$1,109,314 includes \$412 thousand for excess Housing Assistance Payment reserves, \$94 thousand in escrow accounts, \$483 thousand in principal and interest payment deposits and \$120 thousand for required replacement reserves.

i. 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 not capitalized. 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.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

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:

<u>Asset Categories</u>	<u>Years</u>
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

j. Investments

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

k. 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.

l. 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 at year end if the compensation is guaranteed by the Authority's policy.

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. Upon resignation, retirement, or death; sick leave is lost.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

m. Revenue Bonds Payable

“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 Assets (see note 10).

As prescribed by GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the difference between the carrying amount of redeemed defeased debt in a refunding transaction, and its reacquisition price, is deferred and amortized over the shorter of: 1) the life of the refunded debt, or, 2) the life of the refunding debt. During the period of amortization, the balance of this difference is also reported as a direct reduction of (or addition to) the amount of refunding debt reported on the Statement of Net Assets. Amortization expense includes the amortized refunding loss and the annual amortization amount of the debt issuance costs.

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, INVESTMENTS AND ASSETS HELD FOR RESALE

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 WPDPC 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 WPDPC insures all demand deposits and bank balances of the Authority against loss.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

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 public 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 are 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 year ended September 30, 2010 investments consisted of the following:

<u>Investment</u>	<u>Value</u>
Washington Local Govt Investment Pool	\$ 78
U.S. Treasury Money Market	112,855
U.S. Treasuries	613,078
Total	<u>\$ 726,011</u>

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 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.

Note 4 – ASSETS HELD FOR RESALE

Real assets are routinely held by the Authority as the result of home ownership activities. Assets held for resale activity for the year ended September 30, 2010 was as follows:

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

Project	Beginning Balance	Additions	Sales	Ending Balance
1	\$ 149,953	\$ 3,264	\$ 153,217	\$ -
2	-	300	-	300
3	-	480	480	-
4	196,463	3,739	200,202	-
5	-	300	-	300
	<u>\$ 346,416</u>	<u>\$ 8,083</u>	<u>\$ 353,899</u>	<u>\$ 600</u>

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 OF THE CITY OF LONGVIEW

Notes to the Financial Statements for the Year Ended September 30, 2010

Capital asset activity for the year ended September 30, 2010 was as follows:

	Beginning Balance 10/01/09	Increase	Decrease	Ending Balance 9/30/10
Capital assets not being depreciated:				
Land	\$ 1,558,896	\$ -	\$ 30,116	\$ 1,528,780
Construction in progress	-	46,584	-	46,584
Total capital assets not being depreciated	1,558,896	46,584	30,116	1,575,364
Capital assets being depreciated:				
Buildings/improvements	16,968,277	37	-	16,968,314
Furniture, Equipment & Machinery - Dwellings	14,301	-	-	14,301
Furniture, Equipment & Machinery - Administration	229,854	-	5,026	224,828
Leasehold Improvements	2,727,052	1	-	2,727,053
Total capital assets being depreciated	19,939,484	38	5,026	19,934,496
Less total accumulated depreciation	(4,841,387)	(574,211)	(167,000)	(5,248,598)
Total capital assets being depreciated, net	15,098,097	(574,173)	(161,974)	14,685,898
Total capital assets, net	\$ 16,656,993	\$ (527,589)	\$ (131,858)	\$ 16,261,262

The original cost of operating property retired or otherwise disposed of and the cost of installation, less salvage, is charged to accumulated depreciation. If the cost of a component being replaced is un-segregated from the parent asset the cost of the replacement asset, installation, less salvage is charged against accumulated depreciation and no gain or loss is recognized. However, 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.

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 communities.

The Authority also provides some management services through contract to the Joint Pacific County Housing Authority and the Mason County Housing Authority

Note 7 – SHORT TERM DEBT

Short term activities for the year ended September 30, 2010 were as follows:

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

Debt	Beginning Balance 10/1/2009	Issued	Redeemed	Ending Balance 9/30/2009	Purpose
Line of Credit	\$ 209,092	\$ -	\$ 209,092	\$ -	Purchase/Sale of Share Home

Note 8 – LEASE COMMITMENTS

a. Operating Lease(s)

The Authority is committed under various leases for use of the Sylvester apartments, copiers and postage equipment. These leases are considered operating leases for accounting purposes. Lease expenses for the year ended September 30, 2010 amounted to \$12,402.

Future minimum rental commitments for these leases are as follows:

Fiscal Year Ended	Minimum Lease Commitment
2011	12,141
2012	9,402
2013	9,153
2014	6,828
2015	1,110
2016-2048	16,500
	<u>\$ 55,134</u>

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

“Client 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-client deposits” account listed under restricted assets.

“Bond interest payable” and “Revenue bonds payable-current” include accrued bond debt service amounts, held by trustee, until the next bond payment date. These amounts are payable from cash or investments held in bond covenant accounts.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

Note 10 - LONG TERM DEBT AND LIABILITIES

a. Revenue Bonds:

The Authority issues revenue bonds to finance the acquisition or construction of low-income housing units. Bonded indebtedness has also been entered into to advance refund several revenue bond issues. The revenue bonds are being repaid by the Authority's revenues.

Governmental GAAP for Proprietary Funds requires that Original Issue Discount (OID) be carried as an adjustment to the bond debt owing and amortized over the life of the bonds, which is 30 years. The amount amortized each year is added to interest expense. The unamortized bond discount amounts as of 9/30/10 were as follows

Project	Balance 9/30/10 of Bond Discount	FY2010 Amortization
OID- Stratford 1996 Issue	\$10,853	\$696
OID- Pooled 1998 Issue	\$93,194	\$5,177

The revenue bonds currently outstanding are as follows:

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Acquire Hawthorne House apartments.	\$ 940,000	October 12, 1995	2026	7.50%	\$ 695,000
Stratford Apartments advance refunding of 1990 bond issue and to fund improvements and debt service reserve.	530,000	May 1, 1996	2026	6.00% to 6.60%	400,000
Acquire Mint Place Apartments, advance refund 1992 bond issue, fund improvements and a debt service reserve.	9,090,000	October 1, 1998	2029	5.13%	7,155,000
Total	\$ 10,560,000				\$ 8,250,000

Revenue bond debt service requirements to maturity are as follows:

Year Ending 9/30/xxxx	Principal	Interest	Required Debt Service
2011	\$ 265,000	\$ 458,658	\$ 723,658
2012	280,000	444,343	724,343
2013	295,000	429,248	724,248
2014	315,000	413,308	728,308
2015	335,000	395,794	730,794
2016-2020	1,950,000	1,679,672	3,629,672
2021-2025	2,595,000	1,075,234	3,670,234
2026-2031	2,215,000	308,198	2,523,198
	\$ 8,250,000	\$ 5,204,455	\$ 13,454,455

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements for the Year Ended September 30, 2010

There is \$726,012 shown in restricted investments of the Authority. This investment represents debt service reserve requirements as contained in the various indentures.

b. 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. In addition, in fiscal year 2003 the Authority entered into a loan to renovate office space and the 1201 commercial rental space. This loan is not secured against any real property. Loans and notes are being repaid from revenues generated by the Authority.

Purpose	Original Amount	Issue Date	Fiscal Year Maturity	Interest Rate	Amount Outstanding
Renovate Administrative Office and Commercial Space	285,000	10/24/2002	2012	6.50%	\$ 192,920
Purchase Hemlock (4 plex)	85,500	4/6/2001	2031	8.25%	76,111
Refinance Harmony House	55,637	9/4/2009	2028	6.50%	53,944
Acquire single family residence	27,461	8/14/2008	2023	4.50%	25,102
Acquire land and construct 17 units of elderly housing*	850,500	8/11/1998	2048	1.00%	958,365
Acquire land and construct 17 units of elderly housing	250,000	4/30/1998	2014	2.00%	65,947
Acquire land and construct 17 units of elderly housing	188,691	3/4/1998	2028	3.25%	158,143
Purchase 61 units of senior housing	1,438,736	10/12/1995	2035	1.00%	1,283,069
Purchase 39 units of elderly/disabled housing	1,238,636	8/1/1995	2031	1.00%	983,116
Finance leasehold improvements for Sylvester Arms apartments	1,503,567	1/9/1994	2029	1.00%	1,503,567
	493,016	10/25/2005	2045	0.00%	493,016
Purchase 16 units of family housing	99,743	1/19/2006	2036	1.00%	96,040
	242,569	1/19/2006	2036	1.00%	233,555
	555,032	10/25/2005	2045	0.00%	555,009
Purchase 35 units of family housing	360,748	1/19/2006	2036	1.00%	347,355
	571,735	1/19/2006	2036	1.00%	550,509
Construction of 20 units of assisted housing	1,775,000	6/30/2008	2059	0.00%	1,775,000
	<u>\$ 10,021,571</u>				<u>\$ 9,350,768</u>

* The table reflects \$107,865 of accrued interest at the end of 9/30/2010.

Mortgage debt service requirements to maturity are as follows:

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

Year Ending 9/30/xxxx	Principal*	Interest	Required Debt Service
2011	\$ 322,484	\$ 286,420	\$ 608,904
2012	135,645	274,283	409,928
2013	142,147	267,879	410,026
2014	139,324	260,869	400,193
2015	162,124	256,426	418,550
2016-2020	900,515	1,140,249	2,040,764
2021-2025	1,054,127	877,912	1,932,039
2026-2030	1,037,152	606,875	1,644,027
2031-2035	1,097,039	357,462	1,454,501
2036-2040	690,772	173,666	864,438
2041-2045	729,215	73,377	802,592
2046-2050	1,233,449	4,303	1,237,752
2051-2055	-	-	-
2056-2060	1,775,000	-	1,775,000
	<u>\$ 9,418,993</u>	<u>\$ 4,579,721</u>	<u>\$ 13,998,714</u>

* Principal includes \$176,093 of accrued interest.

c. Changes in Long-Term Liabilities

During the year ended September 30, 2010, the following changes occurred in long-term liabilities:

	Beginning Balance 10/1/2009	Additions	Reductions	Ending Balance 9/30/2010	Due Within One Year
Revenue Bonds Payable	\$ 8,505,000	\$ -	\$ 255,000	\$ 8,250,000	\$ 265,000
Less Deferred amounts for OID	(109,920)	-	(5,873)	(104,047)	
Total Bonds Payable	8,395,080	-	249,127	8,145,953	265,000
Mortgages Payable	9,380,193	92,467	121,892	9,350,768	322,484
Accrued Interest	98,374	8,689	-	107,063	-
Compensated Absences	52,518	12,135	-	64,653	7,423
Total Long Term Liabilities	<u>\$ 17,926,165</u>	<u>\$ 113,291</u>	<u>\$ 371,019</u>	<u>\$ 17,668,437</u>	<u>\$ 594,907</u>

d. Arbitrage

The Authority periodically monitors for the existence of any rebatable arbitrage interest associated with its tax-exempt debt. The rebate is based on the difference between the interest earnings from the investment of bond proceeds and the interest expense associated with the debt. As of September 30, 2010 the Authority estimates that no arbitrage rebate exists and that no liability exists.

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

Note 11 - PENSION PLANS

Substantially all (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 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 98504-8380. The following disclosures are made pursuant to GASB Statements No. 27, Accounting for Pensions by State and Local Government Employers and Statement No. 50, Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements for the Year Ended September 30, 2010

on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of 2 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

Retirees and Beneficiaries Receiving Benefits	73,122
Terminated Plan Members Entitled to but not yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-vested	56,456
Total	262,057

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of September 30, 2010¹, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	5.31%**	5.31%	5.31%***
Employee	6.00%****	3.9%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

1) Please contact the Department of Retirement for participating employer and current rate information.

Both the authority and the employees made the required contributions. The authority's required contributions for the years ended September 30 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2010	\$ 1,623	\$ 46,332	\$ 14,160
2009	\$ 2,293	\$ 64,217	\$ 20,209
2008	\$ 1,879	\$ 51,417	\$ 16,291

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

Note 12 - CONTINGENCIES AND LITIGATION

The Authority has recorded in its Financial Statements all material liabilities. This includes an estimate for situations, if any, which are not yet resolved but where, based on available information, management believes it is probable that the Housing Authority will have to make payment. In the opinion of management, the Authority's insurance policies are adequate to pay all known or pending claims.

The Authority participates in a number of federal and state assisted programs. These grants are also subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement from our Authority for expenditures disallowed under the terms of the grants. Housing Authority management believes that losses attributable to such disallowance, if any, will be immaterial.

Note 13 – PRIOR PERIOD ADJUSTMENTS

The total prior period adjustment of \$46,602 consists of two main transactions and several small corrections:

1. The first adjustment of \$50,000 was a recoverable second mortgage in the self help program that was not recorded in the previous year.
2. The second adjustment was the reduction of revenues in the amount of \$2,574 made by HUD in the Mod-Rehab program after the close of the fiscal year.
3. The remainders are negative adjustments for an accumulation small errors and rounding accumulating to \$824.00.

Note 14 – SUBSEQUENT EVENTS

The Authority has requested and received approval of an Economic Development Initiative – Special Projects grant in the amount of \$489,000. The grant will be used to rehabilitate the Stratford Apartments for use as Veterans Housing.

The Authority has requested and received approval of a grant from Home funds from the City of Longview in the amount of \$189,950. The grant will, also, be used to rehabilitate the Stratford Apartments for use as Veterans Housing. The Stratford Apartments occupies the top two floors of the Stratford building and contains 20 units. The units will be set aside for eligible Veterans.

The Authority has executed a sales and purchase agreement in the amount of \$1,000,000 for a new administrative office in Longview. The new facility will house all authority administrative and support staff as well as our Veterans support services. The sales and purchase agreement is subject to several conditions including:

- The simultaneous exchange or purchase of 1207 Commerce Ave. by the seller for

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements
for the Year Ended September 30, 2010

\$750,000;

- The Authority leases the top two floors of 1207 Commerce;
- The Authority completes planned improvements;
- The Authority obtaining adequate funding for the administrative building, and
- The Authority Board of Commissioners approval of the purchase.

The Authority and the City of Longview have revised the long term lease for the Sylvester apartments. The Sylvester Apartments are located in the Columbia Theater building. The changes help identify the responsibilities of the City and the Authority for care and maintenance of the Columbia Theater building. In conjunction with the lease revisions the Authority also agreed to pay \$105,444 for repairs already completed on roof and wall of the building.

Note 15 – RISK MANAGEMENT

The Housing 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 Housing Authority of the City of Longview is a member of Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and chapter 39.34 (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon, 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 ninety member/owner housing authorities in the states of Washington, Oregon, California and Nevada. Thirty-six of the ninety members are Washington public housing entities.

New Members are underwritten at their original membership and thereafter automatically renew on an annual basis. Members may quit upon giving notice to HARRP prior to their renewal date. Members terminating membership are not eligible to rejoin HARRP for three years. HARRP can terminate the members after giving a sixty (60) notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

General and Automobile Liability Coverages are written on an occurrence basis, without member deductibles. Errors and Omissions coverage (which includes Employment Practices Liability) is written on a claims made basis, and the members are responsible for 10% of the incurred costs of the claims. The Property coverage offered by HARRP is on a replacement cost basis, with deductibles ranging from \$1,000 to \$25,000. (Due to special underwriting circumstances, some members may be subject to greater deductibles and E&O co-payments).

HOUSING AUTHORITY OF THE CITY OF LONGVIEW

Notes to the Financial Statements for the Year Ended September 30, 2010

Fidelity coverage is also offered, with limits of \$200,000 (with options up to \$500,000) for employee dishonesty, forgery or alteration and \$20,000 for theft with deductibles similar to the retention on Property.

Coverage limits for General Liability, as well as Errors and Omissions are \$2,000,000 per occurrence and \$2,000,000 annual aggregate. Property limits are offered on an agreed amount, based on each structure's value. Limits for Automobile Liability are covered at \$1,000,000/\$1,000,000.

HARRP self insures the full layer of coverages for liability lines. There is no purchased reinsurance above those limits. For Property, HARRP retains \$2,000,000 and purchases \$63,000,000 of excess insurance from St Paul/Travelers Insurance Company for a combined total of \$65,000,000. The HARRP Board of Directors determines the limits and coverage terms, at its sole discretion.

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

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

Housing Authority of the City of Longview

Schedule of Expenditures of Federal Awards For the year ended September 30, 2010

Grantor/ Pass-Through Grantor Program Title	CFDA#	Other Identification Number	Direct Federal Expenditures	In-Direct Federal Expenditures	Total Federal Expenditures
Department of Agriculture:					
Rural Rental Housing Loans	10.415	56-15-911012000-16/56-51-911012000-28	172,159	-	172,159
Rural Rental Assistance Payments	10.427	56-15-911012000-16/56-51-911012000-28	513,519	-	513,519
Total Department of Agriculture			685,678	-	685,678
Department of Housing & Urban Development:					
Home Investment Partnerships Program	14.239				
Longview/Kelso Consortium		Drug Court #102	-	33,962	33,962
Longview/Kelso Consortium		Domestic Violence #103	-	60,273	60,273
Washington Dept of Commerce		10-47101-116	-	218,879	218,879
Washington Dept of Commerce		10-47101-117	-	119,532	119,532
Longview/Kelso Consortium		Share	-	35,000	35,000
Total Home				467,646	467,646
Housing Opportunities for Persons with AIDS	14.241	10-46201-06		92,023	92,023
Washington Dept of Commerce			75,600	-	75,600
Lower Income Housing Assistance Program	14.856	WA007MR0001	7,530,456	-	7,530,456
Housing Choice Vouchers	14.871	WA007VO	7,606,056	559,669	8,165,725
Total Department of Housing & Urban Development				559,669	8,165,725
Department of Veterans Affairs					
Veterans Per-Diem	64.024	08-90-WA	182,435	-	182,435
Total Federal Assistance			\$ 8,474,169	\$ 559,669	\$ 9,033,838

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

HOUSING AUTHORITY OF THE CITY OF LONGVIEW
Notes to the Schedule of Expenditures of Federal Awards
For the year ended September 30, 2010

Note 1 – BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Authority's financial statements. The Authority uses 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 expended by the Authority. Actual receipts of the grant funds during the period were \$7,450,797.

Note 3 – FEDERAL LOANS

The Authority was approved by the U. S. Department of Agriculture and the U. S. Department of Housing and Urban Development to receive loans totaling \$5,727,167 to develop, acquire and renovate low income housing. The amount listed includes loans proceeds received and the outstanding loan balance.

Purpose	Original Amount	Outstanding Amount
Purchase 61 units of senior housing	\$ 1,438,736	\$ 1,283,069
Purchase 39 units of elderly/disabled housing	1,238,636	983,116
Purchase 16 units of family housing	99,743	96,040
	242,569	233,555
Purchase 35 units of family housing	360,748	347,355
	571,735	550,509
Construction of 20 units of assisted housing	1,775,000	1,775,000
	<u>\$ 5,727,167</u>	<u>\$ 5,268,644</u>

Note 4 – AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for this program (CFDA 14.241) is \$74,124 that was passed through to sub recipients that administered their own projects.

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	10,415 Rural Rental Housing Loans	14,239 HOME Investment Partnerships Program	14,241 Housing Opportunities for Persons with AIDS	84,024 VA Homeless Providers Grant and Per Diem Program	14,871 Housing Choice Vouchers	10,427 Rural Rental Assistance Payments	1 Business Activities	8 Other Federal Program 1	14,866 Lower Income Housing Assistance Program, Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$0	\$0	\$0	\$119,502	\$457,235	\$98,506	\$0	\$5,056	\$684,973	\$0	\$684,973
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$0	\$0	\$0	\$505,033	\$188,101	\$435,430	\$0	\$0	\$1,108,314	\$0	\$1,108,314
114 Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$37,245	\$64,658	\$64,658	\$0	\$0	\$101,903	\$0	\$101,903
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$624,535	\$662,581	\$593,594	\$0	\$5,056	\$1,896,190	\$0	\$1,896,190
100 Total Cash	\$0	\$0	\$0	\$0	\$1,246,275	\$1,312,555	\$1,256,282	\$0	\$10,112	\$3,691,376	\$0	\$3,691,376
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$1,390	\$0	\$0	\$0	\$0	\$0	\$1,390	\$0	\$1,390
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
124 Accounts Receivable - Other Government	\$0	\$58,208	\$8,748	\$49,564	\$1,266	\$43,647	\$26,050	\$0	\$0	\$185,482	\$0	\$185,482
125 Accounts Receivable - Miscellaneous	\$0	\$1,250	\$0	\$1,700	\$15,000	\$25	\$29,612	\$1,000	\$0	\$48,587	\$0	\$48,587
128 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$0	\$41	\$7,904	\$0	\$0	\$7,945	\$0	\$7,945
128.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	\$0	\$0	-\$3,611	\$0	\$0	-\$3,611	\$0	-\$3,611
128.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$0	\$0	\$0	\$0	\$13,842	\$0	\$0	\$0	\$0	\$13,842	\$0	\$13,842
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	-\$1,000	\$0	\$0	\$0	\$0	-\$1,000	\$0	-\$1,000
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$59,458	\$8,748	\$51,264	\$30,498	\$43,713	\$59,955	\$1,000	\$0	\$252,635	\$0	\$252,635
131 Investments - Unrestricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0	\$72,060	\$653,951	\$0	\$0	\$726,011	\$0	\$726,011
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$1,873	\$350	\$151	\$20,515	\$0	\$0	\$22,889	\$0	\$22,889
143 Inventories	\$0	\$0	\$0	\$0	\$0	\$518	\$3,458	\$0	\$0	\$3,976	\$0	\$3,976
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0	\$0	\$231,631	\$0	\$0	\$231,631	-\$231,631	\$0
145 Assets Held for Sale	\$0	\$600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$600	\$0	\$600
150 Total Current Assets	\$0	\$70,483	\$8,748	\$53,137	\$655,383	\$779,023	\$1,563,104	\$1,000	\$5,056	\$3,133,932	-\$231,631	\$2,902,301
161 Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
162 Buildings	\$0	\$0	\$0	\$0	\$0	\$572,737	\$956,043	\$0	\$0	\$1,528,780	\$0	\$1,528,780
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$5,597,899	\$1,370,815	\$0	\$0	\$6,968,714	\$0	\$6,968,714
164 Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$0	\$0	\$0	\$14,301	\$0	\$0	\$14,301	\$0	\$14,301
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$88,182	\$13,005	\$122,961	\$0	\$0	\$224,828	\$0	\$224,828
166 Accumulated Depreciation	\$0	\$0	\$0	\$0	\$10,397	-\$3,814,059	\$2,727,053	\$0	\$0	\$2,727,053	\$0	\$2,727,053
167 Construction in Progress	\$0	\$0	\$0	\$0	-\$63,526	-\$1,371,013	\$46,584	\$0	\$0	-\$5,248,598	\$0	-\$5,248,598
168 Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$0	\$0	\$35,033	\$4,813,228	\$1,143,001	\$0	\$0	\$16,261,262	\$0	\$16,261,262
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$120,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$120,000	\$0	\$120,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$0	\$19,229	\$118,182	\$0	\$0	\$137,411	\$0	\$137,411

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	10.415 Rural Rental Housing Loans	14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Persons with AIDS	64.024 VA Homeless Providers Grant and Per Diem Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	1 Business Activities	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program, Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
175 Investments in Joint Ventures												
180 Total Non-Current Assets	\$0	\$120,000	\$0	\$0	\$35,033	\$4,832,457	\$11,531,183	\$0	\$0	\$16,518,673	\$0	\$16,518,673
190 Total Assets	\$0	\$190,483	\$6,746	\$53,137	\$680,416	\$5,611,480	\$13,094,287	\$1,000	\$5,056	\$19,652,605	-\$231,631	\$19,420,974
311 Bank Overdraft												
312 Accounts Payable <= 90 Days						\$8,965	\$63,007			\$71,972		\$71,972
313 Accounts Payable >90 Days Past Due												
321 Accrued Wage/Payroll Taxes Payable		\$1,903	\$250	\$6,279	\$35,238	\$7,549	\$74,129		\$249	\$125,687		\$125,687
322 Accrued Compensated Absences - Current Portion		\$157	\$7	\$304	\$1,888	\$568	\$4,472		\$7	\$7,423		\$7,423
324 Accrued Contingency Liability												
325 Accrued Interest Payable						\$22,974	\$204,180			\$227,154		\$227,154
331 Accounts Payable - HUD PHA Programs												
332 Account Payable - PHA Projects												
333 Accounts Payable - Other Government												
341 Tenant Security Deposits												
342 Deferred Revenues						\$37,245	\$4,658			\$42,903		\$42,903
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds						\$4,769	\$34,835			\$39,604		\$39,604
344 Current Portion of Long-term Debt - Operating Borrowings						\$87,584	\$499,920			\$587,504		\$587,504
345 Other Current Liabilities		\$1,500			\$93,063					\$94,563		\$94,563
346 Accrued Liabilities - Other												
347 Inter Program - Due To		\$57,916	\$10,982	\$53,573			\$108,152	\$1,008		\$231,631	-\$231,631	\$0
348 Loan Liability - Current												
310 Total Current Liabilities	\$0	\$61,476	\$11,239	\$60,156	\$130,279	\$169,654	\$1,052,353	\$1,008	\$256	\$1,487,421	-\$231,631	\$1,255,790
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						\$5,149,139	\$11,760,130			\$16,909,269		\$16,909,269
352 Long-term Debt, Net of Current - Operating Borrowings												
353 Non-current Liabilities - Other												
354 Accrued Compensated Absences - Non Current		\$1,100	\$65	\$3,100	\$11,000	\$5,400	\$36,500		\$65	\$57,230		\$57,230
355 Loan Liability - Non Current												
356 FASB 5 Liabilities												
357 Accrued Pension and OPEB Liabilities												
350 Total Non-Current Liabilities	\$0	\$1,100	\$65	\$3,100	\$11,000	\$5,154,539	\$11,796,630	\$0	\$65	\$16,966,499	\$0	\$16,966,499
300 Total Liabilities	\$0	\$62,576	\$11,304	\$63,256	\$141,279	\$5,324,193	\$12,849,983	\$1,008	\$321	\$18,453,920	-\$231,631	\$18,222,289
508.1 Invested In Capital Assets, Net of Related Debt												
509.2 Fund Balance Reserved												
511.2 Unreserved, Designated Fund Balance												
511.1 Restricted Net Assets	\$0	\$750	\$0	\$0	\$505,033	\$240,161	\$1,089,381	\$0	\$0	\$1,835,325		\$1,835,325
512.1 Unrestricted Net Assets	\$0	\$127,157	-\$4,558	-\$10,119	\$9,071	\$470,601	\$1,972	-\$8	\$4,735	\$598,851		\$598,851
512.2 Unreserved, Undesignated Fund Balance												
513 Total Equity/Net Assets	\$0	\$127,907	-\$4,558	-\$10,119	\$549,137	\$287,287	\$244,304	-\$8	\$4,735	\$1,198,685	\$0	\$1,198,685
500 Total Liabilities and Equity/Net Assets	\$0	\$190,483	\$6,746	\$53,137	\$680,416	\$5,611,480	\$13,094,287	\$1,000	\$5,056	\$19,652,605	-\$231,631	\$19,420,974

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	10,415 Rural Rental Housing Loans	14,239 HOME Investment Partnerships Program	14,241 Housing Opportunities for Persons with AIDS	64,024 VA Homeless Providers Grant and Per Diem Program	14,871 Housing Choice Vouchers	10,427 Rural Rental Assistance Payments	1 Business Activities	8 Other Federal Program 1	14,856 Lower Income Housing Assistance Program, Section 8 Moderate Rehabilitat	Subtotal	ELIM	Total
70800 Net Tenant Rental Revenue							\$1,570,196		\$0	\$1,984,931		\$1,984,931
70400 Tenant Revenue - Other							\$78,461		\$0	\$122,876		\$122,876
70500 Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$459,150	\$1,648,657	\$0	\$0	\$2,107,807	\$0	\$2,107,807
70800 HUD PHA Operating Grants					\$7,530,456				\$75,600	\$7,606,056		\$7,606,056
70610 Capital Grants									\$0			
70720 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	\$172,242	\$491,414	\$92,023	\$192,435	\$30,171	\$513,436	\$236,084		\$0	\$1,717,805		\$1,717,805
71100 Investment Income - Unrestricted		\$65			\$245	\$792	\$2,900		\$11	\$3,913		\$3,913
71200 Mortgage Interest Income									\$0			
71300 Proceeds from Disposition of Assets Held for Sale		\$347,699					\$2,900		\$0	\$350,799		\$350,799
71310 Cost of Sale of Assets		-\$346,773					-\$3,000		\$0	-\$349,773		-\$349,773
71400 Fraud Recovery					\$11,112				\$0	\$11,112		\$11,112
71500 Other Revenue		\$265		\$725	\$359,639	\$4,202	\$774,372		\$0	\$1,139,203	-\$545,787	\$593,416
71600 Gain or Loss on Sale of Capital Assets					\$904				\$0	\$904		\$904
72000 Investment Income - Restricted	\$172,242	\$492,970	\$92,023	\$193,160	\$7,932,527	\$977,826	\$2,662,729	\$0	\$75,611	\$12,588,988	-\$545,787	\$12,043,201
91100 Administrative Salaries		\$20,041	\$2,559	\$24,419	\$279,175	\$12,667	\$459,942		\$2,547	\$801,550		\$801,550
91200 Auditing Fees		\$484	\$198	\$3	\$10,677	\$6,131	\$3,351		\$193	\$21,037		\$21,037
91300 Management Fee		\$17,492		\$41,960	\$296,052	\$92,354	\$97,484		\$2,808	\$348,150		\$348,150
91310 Book-keeping Fee									\$0			
91400 Advertising and Marketing									\$0			
91500 Employee Benefit Contributions - Administrative		\$7,649	\$950	\$10,966	\$103,986	\$7,183	\$153,847		\$943	\$285,524		\$285,524
91600 Office Expenses		\$3,864	\$271	\$7,834	\$59,369	\$23,688	\$157,162	\$8	\$157	\$252,363		\$252,363
91700 Legal Expense									\$0			
91800 Travel									\$0			
91810 Allocated Overhead									\$0			
91900 Other									\$0			
91000 Total Operating - Administrative	\$0	\$49,530	\$3,976	\$85,182	\$749,259	\$142,223	\$871,786	\$8	\$6,648	\$1,908,614	-\$545,787	\$1,362,827
92000 Asset Management Fee									\$0			
92100 Tenant Services - Salaries		\$5,335		\$52,346	\$71,148		\$12,954		\$0	\$142,363		\$142,363
92200 Relocation Costs									\$0			
92300 Employee Benefit Contributions - Tenant Services		\$1,342		\$12,461	\$18,146		\$3,093		\$0	\$35,042		\$35,042
92400 Tenant Services - Other		\$94,603		\$34,690	\$61		\$4,704		\$1	\$134,059		\$134,059
92500 Total Tenant Services	\$0	\$101,280	\$0	\$100,097	\$89,355	\$0	\$20,751	\$0	\$1	\$311,484	\$0	\$311,484
93100 Water							\$46,471		\$0	\$46,471		\$46,471
93200 Electricity							\$41,571		\$0	\$41,571		\$41,571

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	10.415 Rural Rental Housing Loans	14.239 HOME Investment Partnerships Program	14.241 Housing Opportunities for Persons with AIDS	64.024 VA Homeless Providers Grant and Per Diem Program	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	1 Business Activities	8 Other Federal Program 1	14.856 Lower Income Housing Assistance Program, Section B Moderate Rehabilitat	Subtotal	ELIM	Total
93200 Electricity						\$22,884	\$41,571		\$0	\$64,455		\$64,455
93300 Gas							\$7,393		\$0	\$7,393		\$7,393
93400 Fuel									\$0			
93500 Labor									\$0			
93600 Sewer						\$47,654	\$91,806		\$0	\$139,460		\$139,460
93700 Employee Benefit Contributions - Utilities									\$0			
93800 Other Utilities Expense						\$92,680	\$24,928		\$0	\$117,608		\$117,608
93900 Total Utilities	\$0	\$0	\$0	\$0	\$0	\$132,307	\$212,249	\$0	\$0	\$344,556	\$0	\$344,556
94100 Ordinary Maintenance and Operations - Labor						\$65,898	\$176,428		\$0	\$242,326		\$242,326
94200 Ordinary Maintenance and Operations - Materials and Other				\$1,042		\$4,466	\$92,351		\$0	\$147,859		\$147,859
94300 Ordinary Maintenance and Operations Contracts				\$16		\$99,873	\$189,800		\$0	\$289,789		\$289,789
94500 Employee Benefit Contributions - Ordinary Maintenance						\$7,289	\$72,286		\$0	\$109,565		\$109,565
94600 Total Maintenance	\$0	\$0	\$0	\$1,068	\$0	\$277,626	\$530,875	\$0	\$0	\$809,559	\$0	\$809,559
95100 Protective Services - Labor									\$0			
95200 Protective Services - Other Contract Costs						\$900	\$1,444		\$0	\$1,744		\$1,744
95300 Protective Services - Other									\$0			
95500 Employee Benefit Contributions - Protective Services									\$0			
95600 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$900	\$1,444	\$0	\$0	\$1,744	\$0	\$1,744
96110 Property Insurance		\$1,524			\$7,536	\$19,655	\$29,703		\$67	\$58,485		\$58,485
96120 Liability Insurance									\$0			
96130 Workmen's Compensation									\$0			
96140 All Other Insurance									\$0			
96100 Total Insurance Premiums	\$0	\$1,524	\$0	\$0	\$7,536	\$19,655	\$29,703	\$0	\$67	\$58,485	\$0	\$58,485
96200 Other General Expenses									\$0			
96210 Compressed Absorbents		\$288		\$118	\$32,861	\$54	\$5,677		\$0	\$38,710		\$38,710
96300 Payments in Lieu of Taxes			\$10	\$712	\$1,754	\$357	\$3,180		\$10	\$6,309		\$6,309
96400 Bad debt - Tenant Rents						\$16,989	\$6,291		\$0	\$23,280		\$23,280
96500 Bad debt - Mortgages						\$89	\$7,639		\$0	\$8,028		\$8,028
96600 Bad debt - Other					\$1,973				\$0	\$1,973		\$1,973
96800 Severance Expense									\$0			
96900 Total Other General Expenses	\$0	\$288	\$10	\$830	\$36,588	\$16,895	\$23,087	\$0	\$10	\$77,710	\$0	\$77,710
96710 Interest of Mortgage (or Bonds) Payable									\$0			
96720 Interest on Notes Payable (Short and Long Term)	\$172,242					\$116,842	\$461,004		\$0	\$750,088		\$750,088
96730 Amortization of Bond Issue Costs									\$0			
96700 Total Interest Expense and Amortization Cost	\$172,242	\$0	\$0	\$0	\$0	\$116,842	\$461,004	\$0	\$0	\$750,088	\$0	\$750,088
68900 Total Operating Expenses	\$172,242	\$152,620	\$3,988	\$187,167	\$882,738	\$705,852	\$2,150,899	\$9	\$6,726	\$4,262,240	-\$545,787	\$3,716,453
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$340,250	\$86,085	-\$4,007	\$7,049,789	\$271,974	\$511,830	-\$8	\$69,885	\$8,326,748	\$0	\$8,326,748
97100 Extraordinary Maintenance									\$0			
97200 Casualty Losses - Non-capitalized									\$0			

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

Submission Type: Audited/A-133

Fiscal Year End: 09/30/2010

	10,415 Rural Rental Housing Loans	14,239 HOME Investment Partnerships Program	14,241 Housing Opportunities for Persons with AIDS	64,024 VA Homeless Providers Grant and Per Diem Program	14,871 Housing Choice Vouchers	10,427 Rural Rental Assistance Payments	1 Business Activities	8 Other Federal Program 1	14,855 Lower Income Housing Assistance Program, Section 8 Moderate Rehabilitation	Subtotal	ELIM	Total
97200 Housing Assistance Payments		\$413,827	\$97,495		\$6,762,662	\$161	\$32,507		\$66,253	\$7,362,905		\$7,362,905
97350 HAP Portability-In					\$343,295				\$0	\$343,295		\$343,295
97400 Depreciation Expense					\$6,612	\$195,333	\$380,200		\$0	\$582,145		\$582,145
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	\$172,242	\$566,417	\$91,483	\$187,167	\$7,995,307	\$901,346	\$2,563,606	\$8	\$72,979	\$12,550,585	-\$545,787	\$12,004,798
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$73,577	\$540	-\$4,007	-\$62,780	\$76,480	\$99,123	-\$9	\$2,632	\$38,403	\$0	\$38,403
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$83,106	\$293,786	\$0	\$0	\$376,892		\$376,892
11030 Beginning Equity	\$0	\$151,484	-\$5,088	-\$6,112	\$811,917	\$210,843	\$145,969	\$0	\$4,677	\$1,113,680		\$1,113,680
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$50,000				-\$36	-\$788		-\$2,574	\$46,602		\$46,602
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									\$0			
11180 Housing Assistance Payments Equity									\$0	\$142,844		\$142,844
11190 Unit Months Available	817			20	15444	1812	3024		\$0	\$406,293		\$406,293
11210 Number of Unit Months Leased	817			17	15055	1783	2911		144	21261		21261
11270 Excess Cash									144	20727		20727
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 CFFB Debt Service Payments									\$0			
13901 Replacement Housing Factor Funds									\$0			