

**HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY**

**Financial Statements and Supplementary Information
for the year ended September 30, 2015 and Independent
Auditor's Report and Single Audit Reports**

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INTRODUCTORY SECTION

**HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY**

SEPTEMBER 30, 2015

BOARD OF COMMISSIONERS

Pat Farr	125 E. 8 th Avenue Eugene, OR 97401
Jay Bozievich	125 E. 8 th Avenue Eugene, OR 97401
Faye Stewart	125 E. 8 th Avenue Eugene, OR 97401
Sid Leiken	125 E. 8 th Avenue Eugene, OR 97401
Pete Sorenson	125 E. 8 th Avenue Eugene, OR 97401
Charene Reavis	125 E. 8 th Avenue Eugene, OR 97401
Hugh Massengill	125 E. 8 th Avenue Eugene, OR 97401

ADMINISTRATION

Jacob Fox	Executive Director
Valerie Warner	Deputy Director
Vicki Nutter	Finance Manager

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing And Community Services Agency of Lane County
Eugene, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing And Community Services Agency of Lane County ("HACSA"), a component unit of Lane County, Oregon and the aggregate discretely presented component units, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise HACSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of HACSA and its aggregate discretely presented component units as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise HACSA's basic financial statements. The introductory section and the supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office Management and Budget Circular A-133, *Audits of State, Local Governments, and Not-for-Profit Organizations*, and was also not a required part of the basic financial statements.

The supplementary information and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

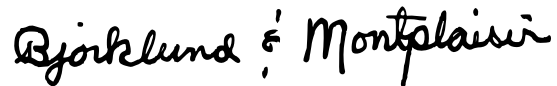
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, on our consideration of HACSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HACSA's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated June 27, 2016 on our consideration of HACSA's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Portland, Oregon
June 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the Housing And Community Services Agency (HACSA) of Lane County's financial performance provides an overview of the Agency's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the Agency's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The make-up of the HACSA primary government fluctuates from year to year due to HACSA's development activity. During pre-development, projects are reported as part of HACSA. After syndication, projects are reported as discretely presented component units. After the 15-year tax credit is completed, the projects normally return to HACSA as blended component units. This ongoing change in ownership and reporting entity is responsible for significant fluctuation in HACSA's net position, total assets, total liabilities and total capital assets. During the year ended September 30, 2015, two such changes occurred. For the year ended September 30, 2014, the pre-development costs for Bascom Village II were reported with HACSA. Those amounts were consequently removed from HACSA prior to our September 30, 2015 year end as the project was syndicated in August 2015. For the year ended September 30, 2014, Jacob's Lane was reported as a discretely presented component unit. The limited partnership interest in Jacob's Lane was signed over to HACSA on August 19, 2015 and consequently the assets and liabilities of Jacob's Lane have been retroactively included in the blended component units for the September 30, 2015 report. In our detailed analysis of changes to financial indicators, the portion of each change that is related to Jacob's Lane and Bascom Village II will be identified so that changes related to ongoing activities can be observed.
- HACSA reported combined net position (assets less liabilities) of \$49,923,242 as of September 30, 2015. This represents an increase of \$942,167 or 1.9% from the prior year net position of \$48,981,075.
- Total assets were \$58,709,482 which was an increase of \$932,262 or 1.6% from FY 2014 total assets of \$57,777,220.
- Total liabilities were \$8,786,240 which was a decrease of \$9,905 or .1% from FY 2014 total liabilities of \$8,796,145.
- 25.1%, or \$12,547,696, of combined net position was unrestricted and therefore had no constraints on future use. This compares to \$12,597,429, the amount for the prior year.
- Total operating revenue for the year ended September 30, 2015 aggregated \$27,223,547, an increase of \$473,893 or 1.8% over the prior year.
- Operating loss was \$703,961 for fiscal year 2015. In the prior year, total net operating loss was \$804,158; a decrease of \$100,197.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements which are listed in the Table of Contents. The basic financial statements reflect the financial position, results of operations and cash flows of HACSA, as a whole, as of and for the year ended September 30, 2015.

The basic financial statements for the fiscal year ended September 30, 2015, are presented in two columns: primary government and discretely presented component units. The primary government of HACSA includes all HACSA programs, including the Housing Choice Voucher Program (also known as Section 8), the Housing Division programs, the Community Services Programs and the blended component units: HACSA Partner LLC, HousingPlus, Walnut Park Limited Partnership, The Orchards Limited Partnership, Laurel Gardens Limited Partnership and Jacob's Lane Limited Partnership. The discretely presented component unit column includes seven low-income housing tax credit limited partnerships/limited liability corporations. For a more detailed discussion of the reporting entity, see Notes to the Financial Statements #1.

One of the most important uses of the MD & A is to compare the current year financial position and changes in net position to the previous year. The Statement of Net Position, the Statement of Revenue, Expenses and Changes in Net Position and the Statement of Cash Flows report information about HACSA as a whole in a way that supports this comparison. The tables, charts, and comments all pertain to the primary government.

The supplemental information reflects the combining financial statements of all of the Agency's separate programs. The Financial Data Schedule (FDS) is required by the United States Department of Housing and Urban Development (HUD). HUD has established Uniform Financial Reporting Standards that require HACSA to submit financial information electronically using the FDS format. The numbers in the left-hand column of the supplemental schedules reflect HUD's chart of accounts.

Overview of the Financial Statements

The Statement of Net Position presents HACSA's financial position as of September 30, 2015. It is a snapshot of the Agency's accounts on that specific date. Assets are defined as what the Agency owns and liabilities are what it owes. Therefore, net position is simply what is owned less what is owed.

While the Statement of Net Position presents the financial position as of a specific date, the Statement of Revenue, Expenses and Changes in Net Position measure the Agency's results and change in net position for a period of time; in this case the year ended September 30, 2015.

The Statement of Cash Flows is an analysis of the increase or decrease in the Agency's cash balances during the year.

Generally accepted accounting principles (GAAP) requires state and local governments to use the enterprise fund type to account for business-type activities. All of HACSA's transactions are recorded in one enterprise fund. Enterprise funds use the accrual basis of accounting; revenue is recorded when earned and expenses are recorded when incurred, regardless of when the cash is received or disbursed.

FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of HACSA, assets exceeded liabilities by \$49,923,242 at the close of the fiscal year. Net position increased by \$942,167 over the prior year's figure of \$48,981,075. The following table provides a summary of HACSA's net position for 2015 compared to 2014.

**TABLE 1
NET POSITION**

	September 30,	
	2015	2014
Current Assets	\$ 9,458,249	\$ 9,180,754
Fixed Assets, Net	42,472,439	40,927,240
Other Assets	6,778,794	7,669,226
Total Assets	<u>58,709,482</u>	<u>57,777,220</u>
Current Liabilities	1,562,307	1,429,505
Noncurrent Liabilities	7,223,933	7,366,640
Total Liabilities	<u>8,786,240</u>	<u>8,796,145</u>
Net Position:		
Investment in Capital Assets, net of related debt	35,360,196	34,019,368
Restricted Net Position	2,015,350	2,364,278
Unrestricted Net Position	<u>12,547,696</u>	<u>12,597,429</u>
Net Position	<u><u>\$ 49,923,242</u></u>	<u><u>\$ 48,981,075</u></u>

The entity-wide increase in net position of \$942,167 is the sum of the results of HACSA's various programs, most of which typically experience a reasonably narrow range of variability in operating results from year to year. The most significant change in net position is related to the transfer of Jacob's Lane (increase of \$1,456,139) which was moved into the reporting entity when the limited partner withdrew and transferred ownership to HACSA

TABLE 2
CHANGES IN NET POSITION

	Year Ended September 30,	
	2015	2014
Operating Revenues:		
Dwelling Rent	\$ 4,264,672	\$ 4,022,644
Housing Assistance Grants	16,892,417	16,672,003
HUD Operating Subsidies	3,489,926	3,364,870
Other Government Grants	1,701,608	1,910,328
Other Income	874,924	779,809
	<u>27,223,547</u>	<u>26,749,654</u>
Operating Expenses:		
Housing Assistance Payments	15,440,833	15,714,032
Administration	5,209,619	4,771,909
Tenant Services	47,940	64,998
Utilities	906,729	839,126
Ordinary Maintenance	4,215,331	4,072,806
Protection Services	20,706	21,757
Insurance Premiums	196,565	166,977
Other General	299,692	411,084
Non-routine Maintenance	17,674	88,662
Depreciation	1,572,419	1,402,461
Total Operating Expenses	<u>27,927,508</u>	<u>27,553,812</u>
Operating Loss	(703,961)	(804,158)
Nonoperating Revenue, Expense and Capital Contributions:		
Interest Income	245,730	289,130
Gain on acquisition of limited partner interests	1,456,139	-
Impairment Loss	(230,000)	-
Equity in loss of limited partnerships	(74)	(501)
HUD Capital Grants	367,202	908,733
Development Expense	33,094	187,841
Interest Expense	(225,963)	(228,605)
Increase in Net Position	<u><u>\$ 942,167</u></u>	<u><u>\$ 352,440</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

HACSA's investment in capital assets is comprised of land, buildings, equipment and construction in progress, with buildings representing the largest component. The capitalization threshold is \$5,000. The figures in the following table represent the historical cost of the capital assets.

During fiscal year 2015, there was a net addition of \$1,545,199 to capital assets for all categories combined. The significant amounts by category include:

- Land: of the \$493,863 additions, \$422,340 was related to the addition of Jacob's Lane.
- Buildings and improvements: the net increase of \$7,267,075 includes \$4,806,157 related to the addition of Jacob's Lane, transfer from construction in progress of \$1,395,396, and major improvement projects completed at Laurel Gardens, Orchards, and 14 Pines. Finally, we recorded a reclassification of \$587,938 from furniture and equipment to building improvements.
- Furniture and equipment: the net decrease of \$351,214 was primarily the result of the reclassification of \$587,938 from furniture and equipment to building improvements. Increases were recorded for \$80,381 for the addition of Jacob's Lane, and four fleet vehicles totaling \$147,474.
- Construction in progress: the decrease of \$1,076,735 is the net of \$1,395,396 transferred to buildings and improvements, \$45,755 transferred to furniture and equipment and \$367,202 which was added for the following projects.
 - Riverview and Creswell:, repair balconies and guardrails
 - Maplewood Meadows:, ductless heat pumps
 - Creswell: ADA apartment remodel
 - McKenzie Village: roof work
 - Pengra Court: concrete walk replacements
- Accumulated depreciation had an increase of \$4,787,790.

**TABLE 3
CAPITAL ASSETS**

	September 30,	
	2015	2014
Land	\$ 9,670,637	\$ 9,176,774
Buildings and improvements	68,714,888	61,447,813
Furniture and equipment	2,594,355	2,945,569
Construction in progress	447,565	1,524,300
Totals	81,427,445	75,094,456
Less: accumulated depreciation	(38,955,006)	(34,167,216)
Net Capital Assets	\$ 42,472,439	\$ 40,927,240

Long-term Debt

HACSA’s long-term debt includes bonds and notes payable which were incurred to purchase or rehabilitate low income housing. The debt is payable from the net cash flow of operations and is secured by the real property.

Long-term debt from bonds and notes totals \$7,112,342 on September 30, 2015. This is a net increase of \$204,370 over the prior year’s debt of \$6,907,872. The Jacob’s Lane long term debt added \$460,386, the Norseman debt consolidated was adjusted by \$63,526 and all scheduled debt service payments were made.

**TABLE 4
LONG TERM DEBT**

	September 30,	
	2015	2014
Bonds, net of accretion of bond discount	\$ 423,170	\$ 496,178
Notes payable	6,689,073	6,411,694
Total	\$ 7,112,243	\$ 6,907,872

BUDGETS, SIGNIFICANT CHANGES AND ECONOMIC FACTORS

HACSA’s Board of Commissioners includes two appointed commissioners who are public housing residents and five commissioners from the Lane County Board of Commissioners. HACSA is a component unit of Lane County and its financial statements are, therefore, included in Lane County’s financial statements.

HACSA’s budget for the year ended September 30, 2015 was approved by the HACSA Board of Commissioners in September 2014.

**TABLE 5
BUDGET ALLOCATIONS FOR FISCAL YEAR 2016**

Section 8 Division	\$ 16,817,800
Public Housing Division	7,644,500
Community Services Division	4,110,200
Total	\$ 28,572,500

The budget for the year ending September 30, 2016 was approved by the HACSA Board on September 29, 2015.

**TABLE 6
BUDGET ALLOCATIONS FOR FISCAL YEAR 2016**

Section 8 Division	\$ 15,952,800
Public Housing Division	9,950,000
Community Services Division	3,682,900
Total	\$ 29,585,700

HACSA’s budget is primarily supported by federal funds (82%), with the majority coming from the Department of Housing and Urban Development (77%). Consequently, HACSA is affected more by Federal budget appropriations than by local economic conditions.

HUD Funding

As the 2016 budget was prepared, HUD was considering a revised methodology for Section 8 Admin fees. This revenue line item has historically provided close to \$2M per year to HACSA to run the Section 8 program. The proposed methodology change would reduce HACSA's admin fee revenue by approximately \$500K per year. As the budget was adopted, it was not clear whether the revised methodology would be adopted and implemented for calendar 2016 so the budget was conservative. HUD did not implement the new methodology and so HACSA's 2016 revenue will surpass the budgeted amount.

Funding for the voucher program itself is dependent on voucher usage in the prior calendar year. In 2015, HACSA voucher usage increased to 100% and therefore the 2016 voucher funding was budgeted to equal projected voucher expenses.

Public Housing operating funding is slightly improved over 2015. The operating funds are calculated with a complex methodology that takes into consideration many factors about the public housing stock including age of the property, occupancy rates, utility consumption, etc. After the need is calculated HUD applies a proration factor based on the availability of funds. The proration factor increased from 82.35% for calendar year 2015 to 86.76% for calendar year 2016. This will result in operating grants exceeding budgeted amounts.

HUD Capital grant funding will be discussed below.

HACSA Programs

HACSA's three largest programs are Section 8 Housing Choice Vouchers (HCV), Housing and Community Services. The HCV and the Public Housing portion of Housing programs are reliant on HUD funding.

Section 8 Housing Choice Vouchers Program

The Section 8 (Housing Choice Voucher) program is funded by HUD on a calendar year and the funding is made up of the Housing Assistance Payment (HAP) and the Admin Fee. Both are partially based on voucher usage, which makes this metric very important to HACSA.

Voucher usage is also tricky to manage. Attrition from the program can be unpredictable and the lease-up rate for new voucher-holders can also be unpredictable and made more difficult by a tight rental market and high rents. HACSA began calendar 2015 with a voucher usage rate of 89.6% and only by making a concentrated effort were we able to raise it to 105% by year end, resulting an average voucher usage rate of 99% for the year. Vouchers are available in the regular voucher program and in the VASH program (for veterans). The usage rate for VASH is more difficult to increase as veterans often face additional housing challenges. As of May 2016, the voucher usage rate is at 103.6% and the VASH usage rate is at 88.6%. The combined average for the year is 104.8%. Our goal is to manage attrition and new voucher issuance so that the combined average at year-end is again very close to 100%.

Staffing numbers in the Section 8 program remain stable although we have experienced significant staff turnover including a new division director. In 2016 HACSA made a significant investment in staff training in an effort to improve compliance with program regulations and avoid findings in audits and reviews.

Housing Program

The Housing Program encompasses 707 units of Public Housing as well as an additional 247 units of affordable housing managed by HACSA staff. The Housing Program budget also reflects another 332 units of affordable housing managed by third party property management companies. The capital fund under Public Housing is also budgeted under the Housing Program group. The principal revenues for the Housing Program are tenant rents and HUD operating grants.

One of the most important metrics that HACSA can manage to maximize housing revenues is occupancy. While it is not possible to control tenants leaving housing, it is possible and desirable to decrease vacancy loss with the following activities: property managers should make regular inspections of units so that damage upon vacancy is limited, maintenance staff should be able to put units back in lease-up condition within 9 days (average) after vacancy and intake staff should have waiting list members screened and ready to move into a unit within 5 days (average) from the date the unit is ready. In 2016, a new property management division director is focusing on all these activities as well as producing dashboard data for constant monitoring.

For the 272 units managed by third party property managers, the HACSA Asset Manager is responsible for monitoring performance. In early 2016, new management companies were put in place, and performance improvements are anticipated to occur. One of the issues with the previous management companies was that they did a poor job of communicating about the condition of the complexes. In the last two years significant water damage was discovered at several third-party managed complexes which resulted in a report of asset impairment on two of the three.

Staffing numbers for the Housing program remained stable from 2015 to 2016 although this program too has experienced significant turnover including the division director, two property managers and several assistant property managers. For this program as well, HACSA has made a significant investment in staff training which will improve compliance and consistency of policy and procedures among the various complexes

The Capital Fund activities are part of the Housing Program. The Capital Fund staff work with housing staff to maintain the various properties thru capital improvements, funded either with the HUD capital grant program or from replacement reserves. . The following chart illustrates that the total Public Housing capital grant and capital grant dollar amount per unit are on a downward trend over the last 7 years, making it ever more difficult to maintain properties in a safe and sanitary condition

TABLE 7
CAPITAL GRANTS

<u>Year</u>	<u>Total Capital Grant</u>	<u>Per Unit</u>
2010	1,256,000	1,774
2011	1,043,757	1,474
2012	961,540	1,358
2013	927,276	1,310
2014	965,384	1,364
2015	951,318	1,344
2016	894,675	1,264

Community Services

Two significant activities reported under Community Services are Weatherization and Development.

Weatherization

Cost effective measures are installed by private contractors and are paid for with public and private funds from federal grants and participating electric and national gas utilities. Fifteen separate funding sources make up the Weatherization budget. Funding aggregated \$1,391,730 during the fiscal year ended September 30, 2015. This was a small decrease from the 2014 amount of \$1,501,324. Weatherization activities in Oregon are monitored by Oregon Housing and Community Services. The HACSA program was audited in May 2016. There were no audit findings and the program was deemed to be “adequate”, the best rating available.

Development

HACSA is the general partner or the managing member in a number of limited partnerships and limited liability companies formed to finance the construction of affordable housing. These entities appear in the aggregate in this report as discretely presented component units. In December 2014, federal low-income housing tax credits were awarded to HACSA for the construction of Bascom Village II, a 48 unit development. This construction began in the summer of 2015 and is expected to be completed by year end 2016. In June 2015, federal low-income housing tax credits were awarded to HACSA for the construction of The Oaks-at-14th, a 54 unit development being built as permanent housing for ex-offenders who successfully graduate from a transitional housing program. Construction of The Oaks-at-14th began in May 2016 and is expected to be completed about March 2017. At this time there are two other complexes in the Development pipeline at various stages. The Glenwood project would create 100-150 units of affordable housing near the riverfront in the Glenwood area. The 6th and Oak project would create 50-60 units of affordable housing in the heart of downtown Eugene. For both of these projects, Development staff is working their way through the various steps of securing land, securing financing, planning, permitting, etc. The Development staff is also taking the lead in the HUD Rental Assistance Demonstration (RAD) program. The objective of RAD is to move housing subsidy from the public housing program to the Section 8 program. HACSA has approval to sell 112 units of scattered site housing and re-house the tenants with Section 8 vouchers. This project is in the planning stage; we expect the RAD project to have a significant effect on HACSA programs and financial position.

HUD’s Real Estate Assessment Center (REAC)

REAC evaluates all public housing authorities (PHAs) on an annual basis. Using the Public Housing Assessment System (PHAS), PHAs are rated for the physical status of their properties, financial condition, management proficiency, and capital fund compliance. An aggregate score of 90 or above designates the PHA as a “High Performer.” HACSA has received a high performer designation since PHAS scoring has been in place, however in 2014 an administrative error caused the financial report submission to be late, resulting in a 25 point scoring deduction.

**TABLE 8
PUBLIC HOUSING ASSESSMENT SYSTEM
Fiscal Year 2015**

PHAS Indicators	Maximum Score	Score for Calendar Year			
		2011	2012	2013	2014
Physical	40	32	36	37	37
Financial	25	25	23	23	0 *
Management	25	24	22	22	22
Capital Fund	10	10	10	10	10
PHAS Total Score	100	91	91	92	69

* FY14 Financial reports submitted to HUD late due to an administrative error 25 points deducted for "late presumptive failure".

CONTACTING HACSA'S FINANCIAL MANAGEMENT

This financial report is intended to provide citizens, tenants, clients, taxpayers, creditors and stakeholders with a general overview of HACSA's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or wish to request additional information, contact Vicki Nutter, Finance Manager, Housing And Community Services Agency of Lane County, 177 Day Island Road, Eugene, OR, 97401; email: vnutter@hacsa.us; telephone: (541) 682-2525.

BASIC FINANCIAL STATEMENTS

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,814,066	\$ 537,778
Restricted cash and cash equivalents	2,668,311	1,641,403
Short-term investments	2,474,839	-
Accounts receivable:		
HUD	315,255	-
Tenants	79,178	7,970
Other	757,526	40,536
Notes receivable	13,689	-
Inventories	81,781	-
Prepaid expenses	<u>253,604</u>	<u>23,581</u>
Total current assets	<u>9,458,249</u>	<u>2,251,268</u>
NONCURRENT ASSETS:		
Interest receivable	1,367,658	-
Notes receivable from component units and related parties	4,108,465	-
Investments in limited partnerships	874,366	-
Other	428,305	549,159
Capital assets:		
Nondepreciable	10,118,202	1,496,908
Depreciable	<u>32,354,237</u>	<u>17,760,265</u>
Total capital assets	<u>42,472,439</u>	<u>19,257,173</u>
Total noncurrent assets	<u>49,251,233</u>	<u>19,806,332</u>
Total assets	<u>\$ 58,709,482</u>	<u>\$ 22,057,600</u>

	Primary Government	Discretely Presented Component Units
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 353,531	\$ 22,196
Accrued payroll expenses	72,897	-
Other accrued liabilities	140,812	29,386
Accrued interest	36,799	6,381
Payable to HACSA	-	262,498
Refundable security deposits	390,926	89,632
Prepaid rent	3,826	5,215
Current portion of compensated absences	263,332	-
Current portion of bonds and notes payable	300,184	75,299
Total current liabilities	<u>1,562,307</u>	<u>490,607</u>
NONCURRENT LIABILITIES:		
Compensated absences, net of current portion	112,857	-
Bonds and notes payable, net of current portion	6,812,059	5,567,399
Notes payable - HACSA	-	4,265,019
Family self sufficiency escrow	269,817	-
Payable to component units	29,200	-
Payable to HACSA	-	166,621
Accrued interest - HACSA	-	1,296,499
Total noncurrent liabilities	<u>7,223,933</u>	<u>11,295,538</u>
Total liabilities	<u>8,786,240</u>	<u>11,786,145</u>
NET POSITION:		
Net investment in capital assets	35,360,196	13,614,475
Restricted	2,015,350	1,551,771
Unrestricted	12,547,696	(4,894,791)
Net position	<u>49,923,242</u>	<u>10,271,455</u>
Total liabilities and net position	<u>\$ 58,709,482</u>	<u>\$ 22,057,600</u>

See notes to the financial statements.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED SEPTEMBER 30, 2015

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
OPERATING REVENUES:		
Dwelling rent	\$ 4,264,672	\$ 1,301,344
Housing assistance grants	16,892,417	-
HUD operating subsidies	3,489,926	-
Other government grants	1,701,608	37,602
Other income	874,924	19,348
Total operating revenues	<u>27,223,547</u>	<u>1,358,294</u>
OPERATING EXPENSES:		
Housing assistance payments	15,440,833	-
Administration	5,209,619	347,333
Tenant services	47,940	-
Utilities	906,729	200,172
Ordinary maintenance	4,215,331	264,550
Protection services	20,706	-
Insurance premiums	196,565	48,742
Other general	299,692	-
Non-routine maintenance	17,674	-
Depreciation	1,572,419	931,913
Total operating expenses	<u>27,927,508</u>	<u>1,792,710</u>
OPERATING LOSS	<u>(703,961)</u>	<u>(434,416)</u>
NONOPERATING REVENUES (EXPENSES):		
Equity in income (loss) of limited partnerships	(74)	-
Gain on loan forgiveness	33,094	-
Other nonoperating expenses	-	(130,110)
Interest income	245,730	1,175
Interest expense	(225,963)	(261,085)
Total nonoperating revenues (expenses)	<u>52,787</u>	<u>(390,020)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(651,174)</u>	<u>(824,436)</u>
CAPITAL CONTRIBUTIONS AND SPECIAL ITEM:		
HUD capital grants	367,202	-
Limited partner contributions	-	328,153
Impairment loss	(230,000)	-
Total capital contributions and special item	<u>137,202</u>	<u>328,153</u>
Decrease in net position	(513,972)	(496,283)
Net position - Beginning of the year	48,981,075	12,797,420
Change in reporting entity	1,456,139	(2,029,682)
Net position - End of the year	<u>\$ 49,923,242</u>	<u>\$ 10,271,455</u>

See notes to the financial statements.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2015

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from HUD grants	20,331,542
Receipts from state, local and other grants	1,762,215
Receipts from tenants and landlords	4,256,230
Receipts from developer fees	350,000
Receipts from others	536,394
Housing assistant payments	(15,440,833)
Payments to and on behalf of employees	(6,382,413)
Payments to vendors, contractors and others	<u>(4,460,973)</u>
Net cash provided by operating activities	<u>952,162</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from bonds and notes payable	63,526
Interest paid on bonds and notes payable	(217,374)
Principal payments on bonds and notes payable	(300,930)
HUD capital and grants received	293,473
Acquisition and construction of capital assets	(881,956)
Additions to other assets	<u>(99,959)</u>
Net cash used in capital and related financing activities	<u>(1,143,220)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Changes in investments	197,916
Collection on notes receivable from component unit and related party	171,427
Interest income received	<u>116,596</u>
Net cash provided by investing activities	<u>485,939</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	294,881
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,187,496</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 5,482,377</u></u>
CASH AND CASH EQUIVALENTS	
Unrestricted cash	\$ 2,814,066
Restricted cash	<u>2,668,311</u>
	<u><u>\$ 5,482,377</u></u>
	(Continued)

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Primary Government</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (703,961)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	1,572,419
(Increase) decrease in:	
Receivables	349,430
Prepaid expenses	15,204
Inventories	(19,825)
Increase (decrease) in:	
Accounts payable and other accrued liabilities	(178,799)
Prepaid rent	1,243
Refundable security deposits	5,077
Family self sufficiency escrow	<u>(88,626)</u>
Net cash provided by operating activities	<u>\$ 952,162</u>
	(Concluded)

See notes to the financial statements.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Primary Government - The Housing And Community Services Agency (“HACSA”) of Lane County, Oregon (the “Agency”) is the public housing authority of Lane County, Oregon. HACSA was created by resolution of the County Board of Commissioners, pursuant to Oregon Revised Statutes with a mission to provide affordable, decent, safe and sanitary housing to low and moderate income families and households.

HACSA is governed by the County Board of Commissioners and two appointed resident commissioners. Although the HACSA governing body is substantially the same as Lane County’s, there is no financial benefit or burden relationship between Lane County and HACSA, nor does Lane County management exercise operational responsibility over HACSA. Therefore, HACSA has been classified as a discrete component unit of the County.

Component Units - The governmental reporting entity consists of HACSA (the Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable, or other organizations whose nature and significant relationship with HACSA are such that exclusion would cause HACSA’s financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and (i) either HACSA’s ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on HACSA.

The basic financial statements include both blended and discretely presented component units. The blended component units are legally separate entities, and should be, in substance, part of HACSA’s operations, and so data from these units are combined with data of the primary government. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government.

Complete financial statements of individual component units can be obtained from the Finance Department of HACSA. Although the limited partnerships do not follow government accounting for presentation purposes, certain transactions may be reflected differently in these financial statements than in the separately issued information in order to conform to the presentation of the primary government.

Blended Component Units - The following entities are reported as blended component units of HACSA at September 30, 2015:

	Number of Units	<u>Location</u>
• HousingPlus	n/a	
• HACSA Partner LLC	n/a	
• Walnut Park Limited Partnership (“Walnut Park”)	32	Eugene, Oregon
• The Orchards Limited Partnership (“Orchards”)	25	Eugene, Oregon
• Laurel Gardens Limited Partnership (“Laurel Gardens”)	41	Eugene, Oregon
• Jacob’s Lane Limited Partnership (“Jacob’s Lane”)	<u>63</u>	Eugene, Oregon
	<u>161</u>	

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

HousingPlus is an Oregon nonprofit entity formed to provide support services to HACSA residents, however current activities are nominal.

HACSA Partner LLC is a sole member limited liability company in which HACSA is the sole member.

HACSA is the general partner and HACSA Partner LLC is the limited partner in each of the limited partnerships listed above which are hereafter referred to as “blended limited partnerships”. Each of the blended limited partnerships and the underlying projects were developed pursuant to the low-income housing tax credits program of Section 42 of the Internal Revenue Code (“Section 42”). Section 42 regulates the use of each project as to occupant eligibility and unit gross rents among other requirements for an initial compliance period of fifteen years plus and extended use period for an additional fifteen year period. Construction of each of the projects was financed in part by the sale of tax credits to limited partner investors. At the end of the initial fifteen year compliance period, the initial investor limited partners assigned their limited partnership interests to HACSA Partner LLC and exited the partnership. The limited partnership interest of Walnut Park, Orchards and Laurel Gardens were assigned to HACSA Partner LLC in a prior year. The limited partnership interest in Jacob’s Lane was assigned to HACSA Partner LLC on August 19, 2015. The financial statements for Jacob’s Lane have been retroactively included as a blended component unit for the year ended September 30, 2015. Condensed financial information for the blended limited partnerships is included in Note 13.

Discretely Presented Component Units - The discretely presented component units includes low-income housing tax credit limited partnerships/limited liability corporations (collectively referred to as “limited partnerships”) whose limited partners have limited rights regarding the operations of the partnerships and HACSA, as general partner, controls the day-to-day operations of the partnerships. The following entities, which comprise the discretely presented component units, are presented as of December 31, 2014 and for the year then ended:

	<u>Date Formed</u>	<u>Number of Units</u>	<u>Location</u>
• Hawthorn-at-29 th LLC	07/28/11	35	Eugene, Oregon
• New Winds Apartments Limited Partnership	12/21/05	18	Florence, Oregon
• Roosevelt Crossing Limited Partnership	06/06/08	45	Eugene, Oregon
• Sheldon Village I Limited Partnership	09/01/01	43	Eugene, Oregon
• Sheldon Village II Limited Partnership	07/01/02	35	Eugene, Oregon
• Munsel Park Limited Partnership	11/14/00	44	Florence, Oregon
• Turtle Creek Limited Partnership	02/13/07	<u>27</u>	Eugene, Oregon
		<u>247</u>	

HACSA has 0.005% to 0.01% ownership interest in each of the limited partnerships. HACSA’s investments in limited partnerships are accounted using the equity method.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

Government-wide and Fund Financial Statements - The government-wide financial statements (i.e., the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows) report information of the primary government (HACSA) and its component units. The effect of inter-fund activity has been removed from these statements. The primary government is reported separately from certain legally separate discrete component units for which the primary government is financially accountable.

For financial reporting purposes, HACSA reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and fund financial statements are the same.

Basic Financial Statements - The basic financial statements (i.e. the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows) report information on all of the business-type activities of HACSA and its component units. These basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) standards.

Measurement Focus, Basis of Accounting and Financial Statement Presentation - The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which HACSA receives value without directly giving equal value in exchange, include revenues from federal, state and local assistance programs. Revenue from these sources is recognized in the fiscal year in which all eligibility requirements have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of HACSA's enterprise fund are U.S. Housing and Urban Development (HUD) housing assistance payments earned, Public Housing Operating Subsidies, HUD administrative fees and rental income from its public and affordable housing units. Other income includes development fees and partnership fees. Operating expenses include employee services, services and supplies, administrative expenses, utilities, depreciation on capital assets and housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

For financial reporting purposes, HACSA considers its HUD grants associated with operations as operating revenues because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net position.

Bond Premium and Discounts are amortized on a method which approximates the effective interest method over the related bond repayment period. Unamortized bond discount is deducted from bonds payable.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Summary of Significant Programs - The accompanying basic financial statements include the activities of several housing programs subsidized by HUD and other governmental entities. A summary of each significant program is provided below:

- Public Housing – HACSA owns, operates and maintains 707 units of Public Housing which were acquired through HUD’s Development Project Grant Program. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD. Funds from the Capital Grant Program provided by HUD are used to improve the Public Housing portfolio. Substantially all additions to land, structures and equipment of Public Housing are accomplished through these grant funds.
- Rent Assistance – Section 8 of the U.S. Housing and Community Development Act of 1974 provides Housing assistance Payments on behalf of lower-income families to participating housing owners. Under this program, the landlord-tenant relationship is between a rental-housing owner and a family, rather than HACSA and the family as in the Public Housing program. For approved housing, HUD contracts with HACSA to enter into contracts with landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the lower-income families, which equals 30% of adjusted household gross income. Housing Assistance Payments made to landlords and some participants are funded through Annual Contributions Contracts. At September 30, 2015, HACSA administered approximately 3,180 vouchers including 174 Veterans Administration Supportive Housings vouchers that provide housing assistance for homeless veterans.
- Affordable Housing and Special Needs Housings – In addition to the 707 units of Public Housing, HACSA owns an additional 418 affordable housing units in 10 different multifamily properties. HACSA has 100% control over 4 additional limited partnership, multifamily properties, with a total of 161 units. HACSA is either general partner or managing member in another 7 limited partnerships/limited liability corporations, with a total of 247 units. Of the 1,533 units, 106 units in four properties have been developed to serve special need population as follows:
 - Roosevelt Crossing – This complex provides 45 units of both transitional and permanent housing to homeless ex-offenders immediately following their release from incarceration.
 - Heeran Center - Residential mental health treatment facility to provide 24 hour secure residential treatment services under OAR 309-033-0520(3). On March 2, 2015, the state of Oregon suspended the license of the operator and the residents were removed from the facility. Effective August 1, 2015, the Agency leased the facilities to ColumbiaCare Services, Inc. to continue operations as a residential mental health treatment facility and former residents were re-admitted.
 - Signpost House and Family Shelter House - residential housing for individuals and families with psychiatric disabilities.
- Weatherization – This program provides weatherization services to low-income home owners including replacement windows, insulation, heating, cooling, etc. Funding is received through grants and sub-grants from Lane County and directly from private utility companies.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- **Development - HACSA pursues development projects that augment the supply of low-cost housing, provide essential services to residents and revitalizes overall communities. These projects include renovation of older/existing housing and new construction. The following projects are in a predevelopment or early development phase at September 30, 2015:**
 - *The Oaks-at-14th* - In June 2015, OHCS announced that HACSA had successfully been awarded a 9% tax credit allocation for 54 units of affordable housing for ex-offenders transitioning into the community. Additionally, HACSA has partnered with US Bank to be the construction lender and equity partner for the financing of this project which closed on April 27, 2016.
 - *6th & Oak* is a 50-60 unit affordable housing development planned for Eugene, Oregon. On December 13, 2013, HACSA entered into an option agreement with Lane County to acquire an option to enter into a ground lease for the purposes of developing, constructing, and operating a multifamily housing development and related facilities. The option term expires in 48 months from the effective date and requires monthly option payments of \$1,300 beginning June 13, 2014. If the ground lease is executed, the sum of all option payments shall be deducted from the amount of the payment due under the ground lease term.
 - *Bascom Village Phase II* - On August 7, 2015, the operating agreement of BV II Manager LLC, a sole member limited liability company, in which HACSA is the sole member, was amended and restated in its entirety to form Bascom Village II LLC, a limited liability company (“Bascom Village”). Bascom Village was formed to develop a 48-unit affordable multi-family project pursuant to Section 42 of the Internal Revenue Code. Construction commenced in August 2015 and is expected to be completed prior to November 30, 2016.
 - *Glenwood Place* is a 100-150 unit affordable housing complex planned for Glenwood, Oregon. HACSA has entered into an option agreement that requires monthly option payments of \$600. HACSA intends to pursue funding in 2017 or 2018.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flows, HACSA considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Custodial Credit Risk for Deposits - Federal regulations require that public funds on deposit with financial institutions be secured at a rate of 100% of amounts in excess of deposit insurance coverage. The Agency and its discretely presented component units maintain cash balances at several financial institutions, some in excess of the federally insured amount of \$250,000 per type of account. As required by Oregon Revised Statutes, (ORS Chapter 295), deposits in excess of federal depository insurance were held at financial institutions that participate in the Oregon State Treasurer’s Public Fund Collateralization Program (“PFCP”) and therefore \$-0- funds are exposed to custodial credit risk.

Inventories - Inventories are stated at cost, on a first-in, first-out basis.

Accounts Receivable - Accounts receivable are shown at net realizable value. The balances at September 30, 2015 are considered fully collectable.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

Compensated Absences - Employees of HACSA are entitled to paid leave of absence from work, depending on job classification, length of service and other factors. All absences from work, including vacation, sick leave, family emergency or bereavement are charged against accrued earned leave. In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," the estimated liability for vested leave benefits is recorded when it is earned as an expense and the cumulative unpaid amount is reported as a liability.

Capital Assets - Capital assets are assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased or constructed capital assets are recorded at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	7 to 40 Years
Furniture and Equipment	3 to 7 Years
Vehicles	5 Years

HACSA reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated.

During the year ended September 30, 2015, the Agency hired general contractors to inspect the buildings owned by Laurel Gardens, a blended component unit. Based on estimates provided by the general contractors, the Agency determined an estimated cost of \$907,154 to restore the buildings to their original utility. Using the Restoration Cost Approach described in Government Auditing Standards Board Statement No. 42 titled "Accounting and Financial Reporting of Impairment of Capital Assets and for Insurance Recoveries" the Agency estimated an impairment loss of \$230,000 which has been recorded in the year ended September 30, 2015.

Eliminations - In the normal course of operations, certain programs may pay for common costs or advance funds for operational shortfalls that create inter-program receivables or payables. The inter-program receivables and payables net to zero and are eliminated for presentation of HACSA as a whole.

Internal Charges - HACSA internally charges its costs of support service, indirect costs allocations and rent provided by one department to other departments on a cost-reimbursement basis except for Public Housing that is on a fee for service basis.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position - Net position includes the various net earnings from operating income, non-operating revenues and expenses, and special items. Net position is classified in the following three components:

- **Net investment in Capital Assets** - This component of net position consists of capital assets, net of accumulated depreciation and 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
- **Restricted** - This represents resources for which HACSA is legally or contractually obligated to spend resources in accordance with restrictions imposed by third parties.
- **Unrestricted** - This represents resources used for HACSA's general operations, which are not restricted by third parties. When an expense is incurred that can be paid using either restricted or unrestricted resources, HACSA's policy is to first apply the expense toward restricted resources.

Budgets - A budget is prepared by the administrative and fiscal staff for each of the separate programs within each division and for the total operation of HACSA after coordination, consultation, and receipt of approvals of service levels from the various grantor's agencies. A consolidated budget is submitted to the Board of Commissioners for approval, modification and adoption. HACSA is not required to and does not adopt a legally appropriated budget as defined by GASB and therefore budgetary comparisons are not reported in these financial statements.

Income Taxes - HACSA is exempt from Federal income taxes under Internal Revenue Code Section 115. The limited partnerships which are shown as discretely presented are taxable entities, however, each of the entities have elected to be treated as a pass-through entity for income tax purposes and, as such, are not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and are reported by its partners on their respective income tax returns. Each partnership's federal tax status is based on their legal status as a partnership. Consequently, the partnerships are not required to take any tax positions in order to qualify as a pass-through entity. Accordingly, the discretely presented financial statements do not reflect a provision for income taxes and the partnerships have no other tax positions which must be considered for disclosure. The partnerships are required to file and do file tax returns with the Internal Revenue Service and other taxing authorities. Income tax returns filed by each of the entities are subject to examination by the Internal Revenue Service for a period of three years. The Federal income tax return of Roosevelt Crossing for the year ended December 31, 2013 is currently being examined by the Internal Revenue Service. No other returns are currently being examined by the Internal Revenue Service, however, tax years since 2012 remain open and subject to examination.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Other Post-Employment Benefits Obligation - HACSA administers a single-employer defined benefit healthcare plan per the requirements of a collective bargaining agreement. Per Oregon State law, the plan provides the opportunity for post-retirement healthcare insurance for eligible retirees and their spouses through HACSA’s group health insurance plans which cover both active and retired participants. HACSA does not pay any portion of the retiree’s healthcare insurance; however, the retired employee receives an implicit benefit of a lower healthcare premium which is spread among the cost of active employee premiums. HACSA pays none of the premium of health insurance coverage for eligible retirees who are not yet eligible for Medicare. HACSA’s regular health care benefit providers underwrite the retirees’ policies and retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

During 2014, HACSA engaged an independent actuary to determine its Other Postemployment Benefits Obligation (“OPEB”) and by letter dated May 15, 2014 the independent actuary concluded that as of February 1, 2014 HACSA has no OPEB liability under GASB 45. Based on the February 1, 2014 valuation, HACSA has concluded that there was no OPEB as of September 30, 2015.

GASB provides for an exemption from measuring an implicit subsidy for employers participating in community-rated health care coverages provided that the employer’s active and retired members comprise a sufficiently small portion of the entire community-rated premium pool. Because the Citycounty Insurance Services rating criteria start at 100 subscribers, the independent actuary concluded that the 100 subscriber threshold as a reasonable cutoff for the implicit subsidy exemption.

2. **CASH AND CASH EQUIVALENTS**

Total cash and cash equivalents at September 30, 2015 was \$5,482,377, of which \$2,814,066 was unrestricted and \$2,668,311 was restricted. Restricted cash and cash equivalents at September 30, 2015 include the following:

Family self-sufficiency program reserves	\$ 269,816
Replacement reserves	1,575,538
Residual receipts reserves	10,351
Mortgage escrow deposits	49,331
Tenant security deposits	390,740
Bond reserves	225,356
Operating reserves	<u>147,179</u>
Total restricted cash and cash equivalent	<u>\$2,668,311</u>

Family self-sufficiency reserves consist of amounts deposited under the Family Self-Sufficiency (“FSS”) program. Under the FSS program, if the income of a tenant enrolled in the program increases, instead of decreasing the subsidy amount, the original subsidy continues to be paid and the difference between the original and new subsidy amount is deposited into an escrow account. If the tenant enrolled in the program attains certain target goals related to self-sufficiency, the tenant is awarded money from the escrow account to use for various purposes stated in the tenant’s self-sufficiency plan such as college tuition or a down payment for the purchase of a home.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

2. **CASH AND CASH EQUIVALENTS** - Continued

Replacement reserves consist of funds held in trust for properties owned and operated by HACSA and to be used for the replacement or repair of capital assets.

Residual receipts reserves are excess funds remaining after payment of authorized disbursements of HUD regulated properties owned and operated by HACSA. The funds can be used for property purposes in the event that operating receipts are not sufficient to pay for operating expenses.

Mortgage escrow deposits are required by certain loan and regulatory agreements of properties owned and operated by HACSA. The funds are used to pay annual property taxes and insurance when due.

Tenant security deposits represent the refundable deposits received from tenants and held in trust to secure the performance of a rental agreement. Tenant security deposits in excess of any outstanding damage or rent charges must be returned to the departing tenants within 30 days after the termination of the tenancy. The funds are typically held in segregated bank accounts since these funds may not be used for operations. The funds are, however, allowed to earn interest that may be retained for operations.

Bond reserves include externally restricted funds on deposit with various trustees relating to the servicing of debt.

Operating reserves were established for certain entities to pay operating costs and expenses to the extent collected gross receipts are insufficient for such purpose.

3. **INVESTMENTS**

HACSA’s investment policy conforms to HUD Noticed 96-33 (extended indefinitely by HUD Notice PIH 2002-13) that allows HUD funds to be invested in U.S. treasury bills, notes and bonds, obligations issued by agencies and instrumentalities of the U.S. government, state or municipal depository funds, and any other investment security authorized under the provisions of HUD Notice 96-33, as extended by HUD Notice PIH 2002-13. In addition, HACSA’s investment policy follows Oregon state law, specifically ORS Chapter 294, that authorizes all local funds to be invested in U.S. treasury obligations, U.S. agency obligations, Oregon Short Term Fund, commercial paper, corporate bonds, repurchase agreements, municipal debt, bankers acceptances, and qualified time deposits/savings accounts/certificates of deposit. Investments at September 30, 2015 consist the following:

Oregon Treasurer’s Local Government Investment Pool (LGIP)	\$ 864,490
Federal Home Loan Bank Discount Note, coupon rate 0.000%, maturity date 03/06/2016	804,235
Federal Home Loan Bank Discount Note, coupon rate 0.500%, maturity date 09/08/2016	800,608
Cash	<u>5,506</u>
Total investments – short-term	<u>\$2,474,839</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

3. **INVESTMENTS** - Continued

The investment in the LGIP is stated at the fair value amount provided by LGIP, which is the same as the value of its pool shares. The Oregon State Treasurer administers the LGIP. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local government in Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasurer in the management and investment of the LGIP. The LGIP is not currently rated by an independent rating agency.

The Federal Home Loan Bank Discount Notes are valued at the closing price reported on the active market on which the individual security is traded.

Investment Risk Disclosures

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. HACSA limits investment maturities to three years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. HACSA minimizes credit risk by: limiting exposure to poor credits and concentrating the investments in the safest types of securities; prequalifying the financial institutions, broker/dealers/ intermediaries, and advisors with which HACSA will do business; diversifying the investment portfolio so that potential losses on individual securities will be minimized; and actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc.

Concentration of credit risks is risk of loss attributed to the magnitude of HACSA's investment in a single issuer (not including investments issued or guaranteed by the US government, investments in mutual funds, or external investments pools). As of September 30, 2015, none of HACSA's investments are exposed to concentration of credit risk.

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, HACSA will not be able to recover the value of its investments that are in the possession of an outside party. As of September 30, 2015, none of HACSA's investments are exposed to custodial credit risk.

4. **ACCOUNTS RECEIVABLES**

Receivables are reported in the following major categories:

HUD – This represents annual settlement with HUD for amounts expended by HACSA in excess of funds received from HUD.

Grants – Amounts due from other government agencies and utility companies for amounts expended in the Weatherization and various other grant programs.

Tenants – These amounts represent charges to tenants for damages, rent and other miscellaneous items.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

4. **ACCOUNTS RECEIVABLES** - Continued

Other Receivables at September 30, 2015 include the following:

Other government grants	\$323,790
Receivables from component unit	400,114
Other receivables	<u>33,622</u>
	<u>\$757,526</u>

All of the other government grants are expected to be collected within one year.

Fraud Recovery – HACSA has recorded accounts receivable of \$221,893 at September 30, 2015 from tenants for retroactive rent billings due to the failure of tenants to properly report income or other demographic information. An allowance for doubtful accounts equal to the receivable balance has been established at September 30, 2015.

5. **INVESTMENT IN LIMITED PARTNERSHIPS**

Investments in affiliated limited partnerships as of September 30, 2015 include the following:

Hawthorn-at-29th LLC (“Hawthorn-at-29 th ”)	\$ 88
New Winds Apartments Limited Partnership (“New Winds”)	20
Roosevelt Crossing Limited Partnership (“Roosevelt Crossing”)	803,088
Sheldon Village I Limited Partnership (“Sheldon Village I”)	65,136
Sheldon Village II Limited Partnership (“Sheldon Village II”)	16,540
Munsel Park Limited Partnership (“Munsel Park”)	(10,489)
Turtle Creek Limited Partnership (“Turtle Creek”)	<u>(17)</u>
Total	<u>\$874,366</u>

6. **RELATED PARTIES**

Notes and interest receivable as of September 30, 2015 and interest income for the year then ended from related parties and others are as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Outstanding Note Balance</u>	<u>Interest Receivable</u>	<u>Interest Income</u>
Hawthorn-at-29th	03/31/62	6%	\$ 810,748	\$ 48,202	\$ 49,021
New Winds	08/01/47	3.25% - 5.15%	876,611	275,032	38,223
Sheldon Village I	01/01/33	3% - 5.57%	384,195	365,967	36,010
Sheldon Village II	01/01/35	3% - 5.7%	390,805	184,667	27,740
Munsel Park	12/31/39	1.50%	770,726	56,497	12,225
Turtle Creek	11/01/47	5.01%	<u>867,000</u>	<u>437,293</u>	<u>63,417</u>
Total limited partnerships			4,100,085	1,367,658	<u>\$ 226,636</u>
Sponsors, Inc.			<u>8,380</u>	<u>-</u>	
			<u>\$ 4,108,465</u>	<u>\$ 1,367,658</u>	

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

6. **RELATED PARTIES** - Continued

Other receivable (payable) balances due from (to) the affiliated limited partnerships as of September 30, 2015 are as follows:

	Operating Advance	Development Advance	Developer Fee Receivable	Partnership Management Fee Receivable	Ground Lease	Total Receivable
New Winds	\$ 908	\$ -	\$ 91,433	\$ 34,875	\$ -	\$ 127,216
Roosevelt Crossing	-	(7,733)	-	7,940	-	207
Sheldon Village I	1	-	-	3,746	176	3,923
Sheldon Village II	1	-	-	9,606	168	9,775
Munsel Park	-	60,300	-	192,690	-	252,990
Turtle Creek	3	-	-	6,000	-	6,003
	<u>\$ 913</u>	<u>\$ 52,567</u>	<u>\$ 91,433</u>	<u>\$ 254,857</u>	<u>\$ 344</u>	<u>\$ 400,114</u>

Amounts payable by HACSA to the affiliated limited partnerships at September 30, 2015 are as follows:

Hawthorn-at-29th	\$22,626
Roosevelt Crossing	<u>6,574</u>
	<u>\$29,200</u>

Fees earned from the affiliated limited partnerships for the year ended September 30, 2015 are as follows:

	Development Fee	Partnership Management Fee	Ground Lease	Total
New Winds	\$ -	\$ 4,500	\$ -	\$ 4,500
Roosevelt Crossing	-	6,905	-	6,905
Sheldon Village I	-	83,559	147	83,706
Sheldon Village II	-	12,685	143	12,828
Munsel Park	-	20,612	-	20,612
Turtle Creek	-	8,000	-	8,000
Bascom Village II	350,000	-	-	350,000
	<u>\$ 350,000</u>	<u>\$ 136,261</u>	<u>\$ 290</u>	<u>\$ 486,551</u>

Land Lease - HACSA entered into an operating lease for the land on which the projects of Sheldon Village I and II are situated. The lease agreements provide for annual payments of \$100 per year commencing on September 1, 2001 and August 1, 2002, respectively, and increasing by 3% per annum each year thereafter. Any unpaid rent shall accrue interest at the rate of 5.50% per annum compounded annually and all rent then due, together with all accrued interest, shall be paid no later than March 15, 2017 and March 15, 2019, respectively. The lease terms run through September 12, 2100 and August 1, 2101, respectively, however the limited partnerships shall only continue through December 31, 2055 and December 31, 2063, respectively. The carrying amount of the land under the lease was \$402,000 at September 30, 2015.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

6. **RELATED PARTIES** - Continued

Guarantees - HACSA, as general partner, has guaranteed certain obligations of the affordable housing entities that comprise the discretely presented component units. These obligations include operating deficit guarantees and delivery of low income housing tax credit guarantees. At September 30, 2015, HACSA guarantees operating deficit of Hawthorn-at-29th LLC of up to \$251,153.

Lease Heeran Center – On August 1, 2015, HACSA entered into the lease agreement with ColumbiaCare Services Inc. for the residential areas of the premise in Heeran Center. The lease agreement provides monthly rent of \$8,927 and expires on July 31, 2016 with options to renew for two additional periods of one year each.

HACSA leases the office reception area of Heeran Center to Lane County under the terms of an operating lease that is renewably annually. On July 1, 2015, the lease was renewed for a one year period at an annual rental rate of \$74,256. In the event that HACSA receives an increase in rent from ColumbiaCare Services Inc., the rental rate from Lane County will be reduced by the same amount.

The cost and accumulated depreciation of the Heeran Center building and equipment at September 30, 2015 are as follows:

Land	\$ 403,815
Building and improvements	2,223,508
Equipment	<u>73,011</u>
Total carrying amount	2,700,334
Accumulated amortization	<u>(611,170)</u>
Net	<u>\$2,089,164</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

7. FIXED ASSETS

Land, buildings and equipment are accounted for in the individual programs in which the assets were purchased. The following is a summary of fixed asset activity for the year ended September 30, 2015:

	Balance September 30, 2014	Increases	Decreases	Transfers	Balance September 30, 2015
Capital assets not being depreciated:					
Land	\$ 9,655,737	\$ 14,900	\$ -	\$ -	\$ 9,670,637
Construction in progress	1,524,300	367,203	(2,787)	(1,441,151)	447,565
Total capital assets not being depreciated	<u>11,180,037</u>	<u>382,103</u>	<u>(2,787)</u>	<u>(1,441,151)</u>	<u>10,118,202</u>
Capital assets being depreciated:					
Building and improvements	66,920,994	398,498	-	1,395,396	68,714,888
Furniture and equipment	2,446,882	101,718	-	45,755	2,594,355
Total capital assets being depreciated	<u>69,367,876</u>	<u>500,216</u>	<u>-</u>	<u>1,441,151</u>	<u>71,309,243</u>
Less accumulated depreciation:					
Buildings and improvements	(34,909,383)	(1,684,456)	-	-	(36,593,839)
Furniture and equipment	(2,247,990)	(113,177)	-	-	(2,361,167)
Total accumulated depreciation	<u>(37,157,373)</u>	<u>(1,797,633)</u>	<u>-</u>	<u>-</u>	<u>(38,955,006)</u>
Total capital assets being depreciated, net	<u>32,210,503</u>	<u>(1,297,417)</u>	<u>-</u>	<u>1,441,151</u>	<u>32,354,237</u>
Total capital assets, net	<u>\$ 43,390,540</u>	<u>\$ (915,314)</u>	<u>\$ (2,787)</u>	<u>\$ -</u>	<u>\$ 42,472,439</u>

Depreciation expense was charged to functions as follows:

Public Housing	\$ 669,046
Housing Choice Voucher	17,882
Affordable housing and special needs housing	492,046
Blended component units	352,372
COCC	<u>36,287</u>
Total depreciation expense	1,567,633
Impairment loss	<u>230,000</u>
	<u>\$ 1,797,633</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

8. LONG-TERM LIABILITIES

HACSA’s long-term debt is comprised of bonds and notes payable which were incurred to purchase or rehabilitate low income housing and are payable from net cash flow from operations.

	Interest Rates	Monthly Payment	Maturity	Balance 09/30/14	Additions	Retirements	Balance 09/30/15	Current Portion
BONDS PAYABLE:								
Firwood Apartments Series A	6.6% - 6.7%	\$ 8,685	11/01/20	\$ 435,000	\$ -	\$ 50,000	\$ 385,000	\$ 55,000
Firwood Apartments Series B	6.700%	1,418	11/01/20	65,000	-	25,000	40,000	25,000
Unamortized bond discount	-	-	-	(3,822)	-	(1,992)	(1,830)	(1,830)
Total bonds payable				496,178	-	73,008	423,170	78,170
NOTES PAYABLE:								
State of Oregon:								
Heeran Center	3.690%	6,206	09/15/28	747,848	-	23,574	724,274	27,577
Heeran Center - forgivable loan	-	-	11/17/40	893,540	-	33,094	860,446	33,094
City of Eugene:								
Abbie Lane Apartments	2.000%	1,845	04/01/34	347,720	-	16,542	331,178	15,635
Firwood Apartments	3.250%	240	08/01/21	88,554	-	13	88,541	4,615
Firwood Apartments	2.000%	343	01/01/29	205,857	-	19	205,838	5,536
Fourteen Pines Apartments	3.500%	3,368	07/01/15	31,620	-	31,620	-	-
Signpost House	5.000%	926	02/01/32	41,162	-	10,038	31,124	9,739
Orchards	-	-	N/A	111,001	-	-	111,001	-
USDA Rural Development:								
Canas Apartments - 1	6.875%	992	09/01/35	291,514	-	6,378	285,136	6,869
Canas Apartments - 2	6.875%	592	11/01/32	154,518	-	4,396	150,122	4,735
Norsemen Village Apartments - 7	4.000%	357	05/11/44	165,247	5,202	3,555	166,894	1,149
Norsemen Village Apartments - 8	4.000%	709	05/11/44	328,222	9,756	6,749	331,229	2,281
Norsemen Village Apartments - 9	4.000%	561	05/11/44	259,744	8,175	5,588	262,331	1,806
Norsemen Village Apartments - 10	4.000%	2,669	05/11/44	1,060,272	40,393	35,311	1,065,354	15,994
Greenhoot Charitable Remainder Unitrust-								
Firwood Apartments	5.000%	2,087	03/01/25	204,256	-	15,175	189,081	15,952
Umpqua Bank:								
Family Shelter	7.750%	990	06/01/17	27,205	-	8,912	18,293	10,830
Walnut Park	6.150%	4,528	03/01/26	366,889	-	21,230	345,659	17,743
JPMorgan Chase:								
Laurel Gardens	4.930%	2,496	02/01/28	293,128	-	15,860	277,268	16,660
Orchards	6.040%	2,510	10/01/26	394,397	-	6,479	387,918	6,881
Banner Bank - The Oaks-at-14th	4.000%	500	03/01/18	399,000	-	2,000	397,000	2,000
Bank of America:								
Jacob's Lane	3.830%	2,338	11/01/29	318,478	-	12,050	306,428	16,613
Jacob's Lane	7.580%	1,480	11/01/29	158,383	-	4,425	153,958	6,305
Total notes payable				6,888,555	63,526	263,008	6,689,073	222,014
Total long-term debt				\$ 7,384,733	\$ 63,526	\$ 336,016	\$ 7,112,243	\$ 300,184
Long-term portion							\$ 6,812,059	

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

8. LONG-TERM LIABILITIES – Continued

The bonds and notes payable are collateralized by fixed assets owned by the entities listed for each individual obligation except for the note payable to the Greenhoot Charitable Remainder Unitrust which is unsecured. The monthly payment includes principal and interest. The monthly payments on the bonds are adjusted semi-annually based on bond maturities; the monthly payments listed for the notes payable to USDA Rural Development (“RD”) are net of interest credits to be received from RD.

Bonds Payable – In 1994 HACSA issued revenue bonds to pay for the purchase of the Firwood Apartments buildings. Of the Series A Bonds outstanding at September 30, 2015, \$50,000 provides for interest at 6.600% per annum and \$335,000 provide for interest at 6.700% per annum.

State of Oregon – The note payable by the Heeran Center is payable to the Housing and Community Services Department – State of Oregon (“OHCS”). In May 2015, OHCS agreed to temporarily defer payments on this note and on March 14, 2016 the note agreement as modified to reflect the deferred payments. Interest accrued from May 2015 to March 14, 2016 was added to the principal balance; monthly principal and interest payments were increased from \$6,199 to \$6,206 and the maturity date was extended to September 15, 2028.

The forgivable note payable by the Heeran Center was originated by the Department of Human Resources - State of Oregon. The note is non-interest bearing that is forgivable on a pro-rata basis over a thirty year period provided that HACSA operates Heeran Center in conformance with the terms of the trust deed and related promissory note agreements.

City of Eugene – The notes payable collateralized by Firwood Apartments were modified during 2013 to make interest only payments beginning on April 1, 2013 and ending on March 1, 2016. The maturity dates were not extended which will result in balloon payments at maturity.

The note payable collateralized by Orchards is non-interest bearing and has no required payments or maturity date provided that HACSA does not sell the property and complies with the terms of the note and related agreements.

USDA Rural Development – The mortgage notes payable to RD have stated interest rates however each property has entered Interest Credit and Rental Assistance Agreements with RD that will reduce the effective interest rate over the term of the notes to one percent per annum. In addition, when the properties charge rent in excess of the basic rent approved by RD, such excess rent (“overages”) is remitted to RD as additional interest.

In February 2015, the Agency and RD entered into Multi-Family Housing Reamortization Agreements (“Reamortization Agreements”) retroactive to March 1, 2014 with respect to the Norsemen Village Apartments loans. The terms of the Reamortization Agreements reduced the aggregate monthly payments to \$4,296 from \$7,873; extended the maturity dates to May 11, 2044 and reduced the stated interest rates to 4% per annum. Because the Reamortization Agreements were retroactive to March 1, 2014, the Agency received aggregate refunds of \$63,526 representing principal payments made during the period March 1, 2014 through February 2015 based on the prior payment schedules. Such refunds have been reflected as borrowings during the year ended September 30, 2015.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

8. **LONG-TERM LIABILITIES** – Continued

Other – Walnut Park, Laurel Gardens and Orchards have outstanding loans for which the interest rate has been reduced during the 20 year period that Oregon Affordable Housing Tax Credits (“OAHTC”) are available with respect to the loan. The expiration of the OAHTC with respect to these loans are as follows; Walnut Park, June 1, 2016 interest rate will increase from 6.15% to 10.15%; Laurel Gardens, December 31, 2017 interest rate will increase from 4.93% to 8.93% and Orchards, November 1, 2016 interest rate will increase from 6.04% to 8.62%.

Future maturities of total long-term debt at September 30, 2015 are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 300,184	\$ 217,363
2017	335,282	223,187
2018	711,853	206,731
2019	324,000	186,689
2020	340,945	169,873
2021-2025	1,621,345	595,705
2026-2030	1,403,322	152,938
2031-2035	577,012	5,147
2036-2040	421,421	9,078
2041-2045	<u>1,076,879</u>	<u>(21,383)</u>
Total	<u>\$7,112,243</u>	<u>\$1,745,328</u>

The Interest Credit and Rental Assistance Agreements (“Interest Agreements”) with RD that have been entered into in conjunction with each of the notes payable to RD provide for a fixed interest credit each month during the term of each note. The effect of the Interest Agreements is to reduce the effective interest rate to 1% during the term of the mortgage. Although the Interest Agreements will reduce the effective interest rate to one percent over the term of the mortgages, the effective interest rate will approximate 2.00% during the initial years of the mortgages. Interest expense, as a percentage of the outstanding mortgage balances will decline over the term of the mortgages as gross interest paid, based on the stated interest rate, declines and the Interest Credit amount remains constant. This results in negative interest as the notes near maturity.

Changes in long-term liabilities:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>09/30/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>09/30/15</u>	<u>One Year</u>
Compensated absences	\$ 384,069	\$ 496,778	\$ 504,658	\$ 376,189	\$ 263,332
Bonds payable	496,178	-	73,008	423,170	78,170
Loans payable	6,888,555	63,526	263,008	6,689,073	222,014
	<u>\$7,768,802</u>	<u>\$ 560,304</u>	<u>\$ 840,674</u>	<u>\$7,488,432</u>	<u>\$ 563,516</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

9. RISK MANAGEMENT

HACSA is exposed to various risks of loss related to errors and omissions, automobiles, damage to and destruction of assets, bodily injury, and workers' compensation. HACSA has obtained insurance from the Housing Authorities Risk Retention Pool to cover substantially all known risks except for workers' compensation and flood coverage. Workers compensation and flood coverage are covered by commercial insurance. There has been no significant reduction to coverage from the prior year, and settled claims have not exceeded the level of coverage in the past three years.

10. COMMITMENT AND CONTINGENCY

Lease Commitment - In 2005, HACSA entered into a ground lease and concurrently purchased the improvements situated on the site which was a 90-unit multi-family apartment complex known as Firwood Apartments. The initial term of the ground lease is from March 23, 1995 through January 31, 2014 with options to extend for three additional five year periods. In addition to the scheduled rents HACSA is required to pay all taxes, insurance, maintenance and utility costs.

The lease agreement provides for increase in scheduled rents every five years which were \$39,638 per year for the period February 1, 2009 to January 31, 2014; \$47,565 per year for the first option period from February 1, 2014 to January 31, 2019; \$57,078 per year for the second option period from February 1, 2019 to January 31, 2024; and \$68,494 per year for the third option period from February 1, 2024 to January 31, 2029.

On January 27, 2014, HACSA exercised its option to extend the term of the lease for the period from February 1, 2014 to January 31, 2019.

The lease agreement provides that at the termination of the lease, HACSA shall surrender and deliver up the premises and all improvements situated on the site to the Lessor. The lease agreement also grants HACSA the right of first refusal to purchase the site and improvements.

Grant and Property Use Restrictions - Certain of the properties operated by HACSA and affiliated limited partnerships were developed using funds provided by grants and low interest rate loans. The terms of these grants and loans restrict the use of the property and generally require the property to be rented to low-income qualified tenants for the period of the grant or related loan term. Failure to comply with the terms of the grants or the loans may result in a requirement to repay a portion or all of the proceeds received.

Lawsuit and Claims - HACSA is subject to lawsuits and claims which arise out the normal course of its activities. In the opinion of the management of HACSA and based upon the opinions of legal counsel, the disposition of any and all such actions, of which it is aware, will not have a material effect on the financial position of HACSA.

Construction Commitment - HACSA has an outstanding construction commitment of \$273,293 at September 30, 2015.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

11. CONCENTRATIONS

For the year ended September 30, 2015, approximately 77% of operating revenues reflected in the financial statements are from HUD. HACSA operates in a highly regulated environment. The operations of HACSA are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs and the additional administrative burden to comply with the changes.

12. PENSION PLAN

HACSA has a defined contribution plan established under Section 401(k) of the Internal Revenue Code, covering all eligible employees working 20 hours or more a week and who elect to be in the Plan after six months of service. HACSA makes a contribution of twelve percent of employee's gross monthly salary, of which six percent employer contributions are vested over 4 years and six percent pick-up contributions are 100% vested when made. Employees have the option of making voluntary salary deferral contributions up to twenty-five percent of their monthly gross salary, subject to the dollar limits specified in the Internal Revenue Code. The employer contributions for the year ended September 30, 2015 were \$164,006.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

13. CONDENSED FINANCIAL STATEMENTS OF BLENDED COMPONENT UNITS

CONDENSED STATEMENT OF NET POSITION

	Walnut Park	Orchards	Laurel Gardens	Jacobs Lane	Housing Plus	Total
Assets:						
Current assets	\$ 46,717	\$ 14,012	\$ 74,504	\$ 107,824	\$ -	\$ 243,057
Tenant security deposits	23,520	17,574	19,069	28,439	-	88,602
Other restricted deposits	91,747	125,559	145,813	245,494	-	608,613
Capital assets - net	759,128	811,761	521,738	2,345,560	-	4,438,187
Total assets	921,112	968,906	761,124	2,727,317	-	5,378,459
Liabilities:						
Current liabilities	98,345	176,563	38,699	101,262	8,743	423,612
Noncurrent liabilities	327,916	492,039	260,607	938,054	-	2,018,616
Total liabilities	426,261	668,602	299,306	1,039,316	8,743	2,442,228
Net Position:						
Net investment in capital assets	413,469	312,841	244,471	1,885,175	-	2,855,956
Restricted	91,747	125,559	145,813	245,494	-	608,613
Unrestricted	(10,365)	(138,096)	71,534	(442,668)	(8,743)	(528,338)
Total net position	\$ 494,851	\$ 300,304	\$ 461,818	\$ 1,688,001	\$ (8,743)	\$ 2,936,231

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

13. CONDENSED FINANCIAL STATEMENTS OF BLENDED COMPONENT UNITS - Continued

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Walnut Park	Orchards	Laurel Gardens	Jacobs Lane	Housing Plus	Total
Revenues - Rental income	\$ 181,240	\$ 168,820	\$ 164,094	\$ 216,711	\$ -	\$ 730,865
Other income	1,426	1,049	3,160	1,864	3,000	10,499
Total operating revenue	<u>182,666</u>	<u>169,869</u>	<u>167,254</u>	<u>218,575</u>	<u>3,000</u>	<u>741,364</u>
Expenses:						
Operating expenses	106,069	135,304	141,915	258,976	1,170	643,434
Depreciation and amortization	83,174	72,175	66,202	135,969	-	357,520
Total operating expenses	<u>189,243</u>	<u>207,479</u>	<u>208,117</u>	<u>394,945</u>	<u>1,170</u>	<u>1,000,954</u>
Operating income (loss)	<u>(6,577)</u>	<u>(37,610)</u>	<u>(40,863)</u>	<u>(176,370)</u>	<u>1,830</u>	<u>(259,590)</u>
Nonoperating revenue (expense):						
Interest income	64	161	218	159	-	602
Interest expense	<u>(21,798)</u>	<u>(23,612)</u>	<u>(14,031)</u>	<u>(37,218)</u>	-	<u>(96,659)</u>
Total nonoperating revenue (expense)	<u>(21,734)</u>	<u>(23,451)</u>	<u>(13,813)</u>	<u>(37,059)</u>	-	<u>(96,057)</u>
Special Item- Impairment loss	-	-	(230,000)	-	-	(230,000)
Equity transfer to HACSA	-	-	-	-	(10,573)	(10,573)
Change in net position	<u>(28,311)</u>	<u>(61,061)</u>	<u>(284,676)</u>	<u>(213,429)</u>	<u>(8,743)</u>	<u>(596,220)</u>
Net position September 30, 2014	523,162	361,365	746,494	-	-	1,631,021
Change in reporting entity	-	-	-	1,901,430	-	1,901,430
Net position September 30, 2015	<u>\$ 494,851</u>	<u>\$ 300,304</u>	<u>\$ 461,818</u>	<u>\$ 1,688,001</u>	<u>\$ (8,743)</u>	<u>\$ 2,936,231</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

13. CONDENSED FINANCIAL STATEMENTS OF BLENDED COMPONENT UNITS - Continued

CONDENSED STATEMENT OF CASH FLOWS

	Walnut Park	Orchards	Laurel Gardens	Jacobs Lane	Housing Plus	Total
Net cash provided by:						
Operating activities	\$ 45,345	\$ 42,202	\$ 15,773	\$ (64,697)	\$ -	\$ 38,623
Capital and related financing activities	(21,230)	(6,479)	(15,860)	(19,416)	-	(62,985)
Investing activities	-	(50,423)	(48,392)	(13,082)	-	(111,897)
Net increase (decrease)	24,115	(14,700)	(48,479)	(97,195)	-	(136,259)
Cash - beginning of year	134,798	169,379	285,620	473,362	-	1,063,159
Cash - end of year	<u>\$ 158,913</u>	<u>\$ 154,679</u>	<u>\$ 237,141</u>	<u>\$ 376,167</u>	<u>\$ -</u>	<u>\$ 926,900</u>
	<u>\$ 24,115</u>	<u>\$ (14,700)</u>	<u>\$ (48,479)</u>	<u>\$ (97,195)</u>	<u>\$ -</u>	<u>\$ (136,259)</u>
Cash						
Unrestricted	\$ 43,642	11,548.44	\$ 72,261	\$ 102,234	\$ -	\$ 229,685
Restricted	115,271	143,131	164,880	273,933	-	697,215
	<u>\$ 158,913</u>	<u>\$ 154,679</u>	<u>\$ 237,141</u>	<u>\$ 376,167</u>	<u>\$ -</u>	<u>\$ 926,900</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

14. DISCRETELY PRESENTED COMPONENT UNITS

Combining financial information for the discretely presented component units at December 31, 2014 is as follows:

	Jacob's Lane	Hawthorn-at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Total
ASSETS									
Current assets									
Cash and cash equivalents	\$ -	\$ 272,806	\$ 29,085	\$ 42,687	\$ 74,155	\$ 38,593	\$ 45,249	\$ 35,203	\$ 537,778
Accounts receivable:									
Tenants	-	1,186	15	3,014	670	75	3,010	-	7,970
Others	-	22,678	54	17,804	-	-	-	-	40,536
Prepaid expenses	-	2,637	2,268	1,549	6,062	5,143	3,950	1,972	23,581
Tenant deposits held in trust	-	6,191	7,182	4,786	17,545	17,180	15,269	21,940	90,093
Restricted deposits	-	346,023	123,294	360,204	216,108	159,347	218,341	127,993	1,551,310
Total current assets	-	651,521	161,898	430,044	314,540	220,338	285,819	187,108	2,251,268
Noncurrent assets									
Capital assets									
Nondepreciable	-	418,014	116,026	641,454	-	-	120,000	201,414	1,496,908
Depreciable	-	3,726,550	1,786,355	4,488,440	2,220,181	1,828,343	1,069,661	2,640,735	17,760,265
Total capital assets	-	4,144,564	1,902,381	5,129,894	2,220,181	1,828,343	1,189,661	2,842,149	19,257,173
Discount on ground lease - net	-	-	-	-	178,731	141,291	-	-	320,022
Other assets	-	27,193	5,185	141,446	13,331	22,946	922	18,114	229,137
Total noncurrent assets	-	4,171,757	1,907,566	5,271,340	2,412,243	1,992,580	1,190,583	2,860,263	19,806,332
Total assets	\$ -	\$ 4,823,278	\$ 2,069,464	\$ 5,701,384	\$ 2,726,783	\$ 2,212,918	\$ 1,476,402	\$ 3,047,371	\$ 22,057,600

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

14. DISCRETELY PRESENTED COMPONENT UNITS - Continued

	Jacob's Lane	Hawthorn-at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Total
LIABILITIES									
Current liabilities									
Accounts payable	\$ -	\$ 2,623	\$ 1,297	\$ -	\$ 4,397	\$ 4,062	\$ 9,817	\$ -	\$ 22,196
Accrued interest	-	3,974	-	-	-	879	1,528	-	6,381
Due to HACSA	-	-	32,407	31,854	6,906	14,214	177,117	-	262,498
Due to other related parties	-	-	2,460	13,273	-	-	5,653	8,000	29,386
Prepaid rents	-	3,275	4	1,204	77	655	-	-	5,215
Refundable security deposits	-	6,191	7,182	4,786	17,545	17,180	14,808	21,940	89,632
Current portion of mortgages payable	-	30,390	-	-	11,949	10,351	14,662	7,947	75,299
Total current liabilities	-	46,453	43,350	51,117	40,874	47,341	223,585	37,887	490,607
Noncurrent liabilities									
Mortgages payable	-	1,123,372	-	3,137,976	283,614	270,959	466,961	284,517	5,567,399
Notes payable - HACSA	-	975,682	876,611	-	384,195	390,805	770,726	867,000	4,265,019
Accrued interest - HACSA	-	85,967	246,119	-	338,618	163,597	47,295	414,903	1,296,499
Developer fee payable - HACSA	-	5,651	102,200	-	-	-	-	-	107,851
Due to HACSA	-	-	-	-	-	-	58,770	-	58,770
Total noncurrent liabilities	-	2,190,672	1,224,930	3,137,976	1,006,427	825,361	1,343,752	1,566,420	11,295,538
Total liabilities	-	2,237,125	1,268,280	3,189,093	1,047,301	872,702	1,567,337	1,604,307	11,786,145
NET POSITION									
Net investment in capital assets	-	2,990,802	1,902,381	1,991,918	1,924,618	1,547,033	708,038	2,549,685	13,614,475
Restricted	-	346,023	123,294	360,204	216,108	159,347	218,802	127,993	1,551,771
Unrestricted	-	(750,672)	(1,224,491)	160,169	(461,244)	(366,164)	(1,017,775)	(1,234,614)	(4,894,791)
Total net position	-	2,586,153	801,184	2,512,291	1,679,482	1,340,216	(90,935)	1,443,064	10,271,455
Total liabilities and net position	\$ -	\$ 4,823,278	\$ 2,069,464	\$ 5,701,384	\$ 2,726,783	\$ 2,212,918	\$ 1,476,402	\$ 3,047,371	\$ 22,057,600

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

14. **DISCRETELY PRESENTED COMPONENT UNITS - Continued**

	Jacob's Lane	Hawthorn-at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Total
OPERATING REVENUES									
Rental revenue	\$ -	\$ 302,928	\$ 99,020	\$ 84,071	\$ 222,747	\$ 189,423	\$ 246,252	\$ 156,903	\$ 1,301,344
Grant income	-	-	-	37,602	-	-	-	-	37,602
Other rental income	-	3,574	1,781	-	8,471	2,118	2,461	943	19,348
Total revenues	-	306,502	100,801	121,673	231,218	191,541	248,713	157,846	1,358,294
OPERATING EXPENSES									
Administrative	-	53,764	45,631	43,463	51,627	49,897	62,955	39,996	347,333
Utilities	-	17,573	13,148	43,172	27,429	27,577	42,546	28,727	200,172
Operations and maintenance	-	43,435	24,310	8,563	42,254	41,270	69,249	35,469	264,550
Depreciation and amortization	-	102,444	98,398	185,266	190,215	135,979	68,014	151,597	931,913
Taxes and insurance	-	2,525	8,116	2,742	13,913	14,671	3,999	2,776	48,742
Total operating expenses	-	219,741	189,603	283,206	325,438	269,394	246,763	258,565	1,792,710
OPERATING INCOME (LOSS)	-	86,761	(88,802)	(61,533)	(94,220)	(77,853)	1,950	(100,719)	(434,416)
NONOPERATING REVENUES (EXPENSES)									
Interest income	-	254	25	518	145	99	63	71	1,175
Interest expenses	-	(47,589)	(37,239)	-	(46,386)	(37,398)	(21,465)	(71,008)	(261,085)
Other nonoperating expenses	-	(60,094)	(6,960)	(9,567)	(6,229)	(14,625)	(22,175)	(10,460)	(130,110)
Total nonoperating revenues (expenses)	-	(107,429)	(44,174)	(9,049)	(52,470)	(51,924)	(43,577)	(81,397)	(390,020)
LOSS BEFORE CAPITAL CONTRIBUTIONS	-	(20,668)	(132,976)	(170,582)	(146,690)	(129,777)	(41,627)	(182,116)	(824,436)
Capital contributions	-	328,153	-	-	-	-	-	-	328,153
Change in net position	-	307,485	(132,976)	(170,582)	(146,690)	(129,777)	(41,627)	(182,116)	(496,283)
Net position at beginning of the year	2,029,682	2,278,668	934,160	2,682,873	1,826,172	1,469,993	(49,308)	1,625,180	12,797,420
Change in reporting entity	(2,029,682)	-	-	-	-	-	-	-	(2,029,682)
Net position at end of the year	\$ -	\$ 2,586,153	\$ 801,184	\$ 2,512,291	\$ 1,679,482	\$ 1,340,216	\$ (90,935)	\$ 1,443,064	\$ 10,271,455

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015

14. **DISCRETELY PRESENTED COMPONENT UNITS** - Continued

	Interest Rates	Monthly Payment	Maturity	Balance 12/31/13	Additions	Retirements	Balance 12/31/14	Current Portion
MORTGAGES PAYABLE:								
Hawthorn-at-29th LLC								
Banner Bank	4.000%	6,385	01/10/33	\$ 1,182,692		\$ 28,930	\$ 1,153,762	\$ 30,390
Roosevelt Crossing Limited Partnership								
City of Eugene*	0.000%	-	05/11/29	550,000	-	-	550,000	-
State of Oregon**	0.000%	-	12/31/46	2,587,976	-	-	2,587,976	-
Sheldon Village I Limited Partnership								
Siuslaw Bank	3.890%	1,936	07/01/32	307,056	-	11,493	295,563	11,949
Sheldon Village II Limited Partnership								
Siuslaw Bank	3.750%	1,727	12/01/33	291,281	-	9,971	281,310	10,351
Munsel Park Apartments Limited Partnership								
USDA Rural Development	1.000%	1,146	06/16/38	157,814	-	4,399	153,415	4,671
USDA Rural Development	1.000%	2,201	06/16/38	303,148	-	8,450	294,698	8,971
USDA Rural Development	1.000%	250	06/16/38	34,471	-	961	33,510	1,020
Turtle Creek Limited Partnership								
Banner Bank	3.320%	1,461	04/01/39	300,152	-	7,688	292,464	7,947
Total long-term debt				\$ 5,714,590	\$ -	\$ 71,892	\$ 5,642,698	\$ 75,299
Long-term portion							\$ 5,567,399	

* Provided that the Roosevelt Crossing has complied with the terms of the HOME Agreement during the twenty year HOME affordability period, the City of Eugene agrees to release the trust deed or other security and the HOME loan promissory note shall be deemed to be paid and discharged.

** Provided the loan is in compliance for the full period from January 1, 2011 through December 31, 2025, the loan balance payable shall be deemed to have been reduced ratably each year commencing January 1, 2011, at the rate of 6.67% per year but not to less than the minimum amount of \$258,797. The minimum amount payable of \$258,797 is payable in monthly installments beginning January 1, 2026 and is payable in full on or before December 31, 2046.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

15. CHANGE IN REPORTING ENTITY

For the fiscal year ended September 30, 2014 and prior, Jacob's Lane was presented as a directly presented component unit because it was owned by a limited partnership in which the investor limited partner had a 99.99% ownership interest. On August 19, 2015, the investor limited partner withdrew and assigned, without compensation, its partnership interest to HACSA Partner LLC, a sole member limited liability company in which the Agency is the sole member. As a result of this transfer, the Agency effectively has a 100% ownership interest and Jacob Lane has been reported as a blended component unit at September 30, 2015. The investor limited partner's capital account at the time of transfer of \$1,456,139 has been reported as a change in reporting entity in the statement of revenues, expenses and changes in net position.

16. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring after September 30, 2015 through June 27, 2016, the date the financial statements were available for issuance, for potential recognition or disclosure in the financial statements and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF NET POSITION
 SEPTEMBER 30, 2015

	Low Rent Public Housing	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Weatherization Assistance for Low-income Persons	Shelter Care Plus	Rural Rental Assistance Payments	N/C S/R Section 8 Programs
111 Cash - Unrestricted	\$ -	\$1,350,257	\$ -	\$ -	\$ -	\$ 111,919	\$ 142,730
113 Cash - Other Restricted	65,670	204,147	-	-	-	305,458	207,876
114 Cash - Tenant Security Deposits	173,140	-	-	-	-	28,964	4,213
100 Total Cash	238,810	1,554,404	-	-	-	446,341	354,819
122 Accounts Receivable - HUD Other Projects	110,334	150,991	26,727	-	27,203	-	-
124 Accounts Receivable - Other Government	-	-	-	119,601	-	-	-
125 Accounts Receivable - Miscellaneous	8,475	-	-	-	-	-	-
126 Accounts Receivable - Tenants	30,098	-	-	-	-	26,353	9,175
127 Notes, Loans, & Mortgages Receivable - Current	13,689	-	-	-	-	-	-
128 Fraud Recovery	-	221,893	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	(221,893)	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	162,596	150,991	26,727	119,601	27,203	26,353	9,175
131 Investments - Unrestricted	1,466,590	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-	-	7,310	554
143 Inventories	55,931	-	-	-	-	-	492
144 Inter Program Due From	-	-	-	-	-	-	9,301
150 Total Current Assets	1,923,927	1,705,395	26,727	119,601	27,203	480,004	374,341
161 Land	4,294,268	-	-	-	-	470,406	214,386
162 Buildings	36,379,657	-	-	-	-	4,925,598	1,695,406
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	8,860	17,034
164 Furniture, Equipment & Machinery - Administration	1,392,512	88,393	-	-	-	-	-
166 Accumulated Depreciation	(22,474,280)	(79,553)	-	-	-	(694,570)	(953,184)
167 Construction in Progress	447,565	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	20,039,722	8,840	-	-	-	4,710,294	973,642
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-
180 Total Non-Current Assets	20,039,722	8,840	-	-	-	4,710,294	973,642
190 Total Assets and Deferred Outflow of Resources	\$21,963,649	\$1,714,235	\$ 26,727	\$ 119,601	\$ 27,203	\$ 5,190,298	\$ 1,347,983
312 Accounts Payable <= 90 Days	\$ 113,093	\$ -	\$ 257	\$ -	\$ -	\$ 20,938	\$ 18,239
321 Accrued Wage/Payroll Taxes Payable	11,829	21,710	2,736	-	243	-	2,448
322 Accrued Compensated Absences - Current Portion	112,461	59,818	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	3,823	-
333 Accounts Payable - Other Government	129,288	-	-	-	-	-	-
341 Tenant Security Deposits	173,140	-	-	-	-	28,964	4,213
342 Deferred Revenues	-	-	-	-	-	23	-
343 Current Portion of Long-term Debt - Capital Projects / Mortgage Revenue Bonds	-	-	-	-	-	32,834	15,635
345 Other Current Liabilities	-	-	-	-	-	-	-
347 Inter Program - Due To	223,103	50,224	23,734	125,483	21,682	216,277	-
310 Total Current Liabilities	762,914	131,752	26,727	125,483	21,925	302,859	40,535
351 Long-Term Debt, Net of Current - Capital Projects / Mortgage Revenue	-	-	-	-	-	2,228,231	315,543
353 Non-Current Liabilities - Other	65,670	204,147	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	48,198	25,636	-	-	-	-	-
350 Total Non-Current Liabilities	113,868	229,783	-	-	-	2,228,231	315,543
300 Total Liabilities	876,782	361,535	26,727	125,483	21,925	2,531,090	356,078
508.4 Net Investment in Capital Assets	20,039,722	8,840	-	-	-	2,449,229	642,464
511.4 Restricted Net Position	-	7,782	-	-	-	305,458	207,876
512.4 Unrestricted Net Position	1,047,145	1,336,078	-	(5,882)	5,278	(95,479)	141,565
513 Total Equity - Net Position	21,086,867	1,352,700	-	(5,882)	5,278	2,659,208	991,905
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	\$21,963,649	\$1,714,235	\$ 26,727	\$ 119,601	\$ 27,203	\$ 5,190,298	\$ 1,347,983

Interest Reduction Payments	Low-Income Home Energy Assistance	Supportive Housing Program	Other Federal Program 1	I. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ 100,968	\$ 878,507	\$ 537,778	\$ 229,685	\$ 3,351,844	\$ -	\$ 3,351,844
500,193	-	-	-	385,615	-	1,551,310	608,613	3,828,882	-	3,828,882
42,924	-	-	-	52,896	-	90,093	88,602	480,832	-	480,832
543,117	-	-	-	539,479	878,507	2,179,181	926,900	7,661,558	-	7,661,558
-	-	-	-	-	-	-	-	315,255	-	315,255
-	130,790	-	-	73,399	-	-	-	323,790	-	323,790
-	-	-	-	590,078	-	40,536	130	639,219	(164,947)	474,272
8,888	-	-	-	4,664	-	7,970	-	87,148	-	87,148
-	-	-	-	-	-	-	-	13,689	-	13,689
-	-	-	-	-	-	-	-	221,893	-	221,893
-	-	-	-	-	-	-	-	(221,893)	-	(221,893)
-	-	-	-	1,408,437	-	-	-	1,408,437	(40,779)	1,367,658
8,888	130,790	-	-	2,076,578	-	48,506	130	2,787,538	(205,726)	2,581,812
-	-	-	-	637,597	370,652	-	-	2,474,839	-	2,474,839
-	-	-	-	69,163	163,335	23,581	13,242	277,185	-	277,185
15,181	-	-	-	6,904	3,273	-	-	81,781	-	81,781
-	-	179	-	1,952,862	-	-	-	1,962,342	(1,962,692)	(350)
567,186	130,790	179	-	5,282,583	1,415,767	2,251,268	940,272	15,245,243	(2,168,418)	13,076,825
1,363,547	-	-	-	2,346,925	165,394	1,496,908	815,711	11,167,545	-	11,167,545
5,659,989	-	-	20,299	7,622,493	1,156,265	25,024,172	11,255,181	93,739,060	-	93,739,060
-	-	-	-	81,043	-	495,141	-	278,366	-	880,444
33,013	-	-	-	236,362	458,772	-	-	2,209,052	-	2,209,052
(2,172,387)	-	-	(5,533)	(3,375,261)	(1,289,167)	(7,759,048)	(7,911,071)	(46,714,054)	-	(46,714,054)
-	-	-	-	-	-	-	-	447,565	-	447,565
4,884,162	-	-	14,766	6,911,562	491,264	19,257,173	4,438,187	61,729,612	-	61,729,612
-	-	-	-	4,609,052	-	-	-	4,609,052	(500,587)	4,108,465
-	-	-	-	427,163	1,142	549,159	-	977,464	-	977,464
-	-	-	-	874,366	-	-	-	874,366	-	874,366
4,884,162	-	-	14,766	12,822,143	492,406	19,806,332	4,438,187	68,190,494	(500,587)	67,689,907
<u>\$ 5,451,348</u>	<u>\$ 130,790</u>	<u>\$ 179</u>	<u>\$ 14,766</u>	<u>\$ 18,104,726</u>	<u>\$ 1,908,173</u>	<u>\$ 22,057,600</u>	<u>\$ 5,378,459</u>	<u>\$ 83,435,737</u>	<u>\$ (2,669,005)</u>	<u>\$ 80,766,732</u>
\$ 28,644	\$ -	\$ -	\$ -	\$ 75,063	\$ 59,736	\$ 22,196	\$ 37,561	\$ 375,727	\$ -	\$ 375,727
4,069	-	-	-	8,382	21,480	-	-	72,897	-	72,897
-	-	-	-	32,376	58,677	-	-	263,332	-	263,332
-	-	-	-	26,170	-	6,381	47,585	83,959	(40,779)	43,180
-	-	-	-	-	-	-	-	129,288	-	129,288
42,924	-	-	-	53,083	-	89,632	88,602	480,558	-	480,558
-	-	-	-	3,803	-	5,215	-	9,041	-	9,041
-	-	-	-	187,513	-	75,299	64,202	375,483	-	375,483
-	-	-	-	858	-	291,884	175,613	468,355	(164,947)	303,408
372,753	144,058	-	15,563	-	759,416	-	10,049	1,962,342	(1,962,692)	(350)
448,390	144,058	-	15,563	387,248	899,309	490,607	423,612	4,220,982	(2,168,418)	2,052,564
-	-	-	-	2,750,256	-	5,567,399	1,518,029	12,379,458	-	12,379,458
-	-	-	-	22,626	6,574	5,728,139	500,587	6,527,743	(500,587)	6,027,156
-	-	-	-	13,876	25,147	-	-	112,857	-	112,857
-	-	-	-	2,786,758	31,721	11,295,538	2,018,616	19,020,058	(500,587)	18,519,471
448,390	144,058	-	15,563	3,174,006	931,030	11,786,145	2,442,228	23,241,040	(2,669,005)	20,572,035
4,884,162	-	-	14,766	3,973,793	491,264	13,614,475	2,855,956	48,974,671	-	48,974,671
500,193	-	-	-	385,428	-	1,551,771	608,613	3,567,121	-	3,567,121
(381,397)	(13,268)	179	(15,563)	10,571,499	485,879	(4,894,791)	(528,338)	7,652,905	-	7,652,905
5,002,958	(13,268)	179	(797)	14,930,720	977,143	10,271,455	2,936,231	60,194,697	-	60,194,697
<u>\$ 5,451,348</u>	<u>\$ 130,790</u>	<u>\$ 179</u>	<u>\$ 14,766</u>	<u>\$ 18,104,726</u>	<u>\$ 1,908,173</u>	<u>\$ 22,057,600</u>	<u>\$ 5,378,459</u>	<u>\$ 83,435,737</u>	<u>\$ (2,669,005)</u>	<u>\$ 80,766,732</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

	Low Rent Public Housing	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Weatherization Assistance for Low-income Persons	Shelter Care Plus	Rural Rental Assistance Payments	N/C S/R Section 8 Programs
70300 Net Tenant Rental Revenue	\$ 1,822,471	\$ -	\$ -	\$ -	\$ -	\$ 231,336	\$ 42,576
70400 Tenant revenue - Other	14,335	-	-	-	-	-	-
70500 Total tenant revenue	1,836,806	-	-	-	-	231,336	42,576
70600 HUD PHA Operating Grants	2,098,946	16,892,417	309,638	-	504,633	-	191,063
70610 Capital Grants	367,202	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Bookkeeping Fee	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
70700 Total Fee Revenue	-	-	-	-	-	-	-
70800 Other Government Grants	-	-	-	636,445	-	255,265	-
71100 Investment Income - Unrestricted	2,511	-	-	-	-	-	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71400 Fraud Recovery	-	25,807	-	-	-	-	-
71500 Other Revenue	82,933	1,785	-	-	-	26,555	7,116
72000 Investment Income - Restricted	-	847	-	-	-	74	204
70000 Total Revenue	4,388,398	16,920,856	309,638	636,445	504,633	513,230	240,959
91100 Administrative Salaries	472,197	995,487	200,178	34,484	43,644	5,604	49,381
91200 Auditing Fees	12,590	9,840	-	1,257	-	871	-
91300 Management Fee	441,513	-	-	-	-	45,881	-
91310 Bookkeeping Fee	61,734	-	-	-	-	-	-
91400 Advertising and Marketing	1,519	2,777	-	597	-	234	230
91500 Employee Benefit Contributions - Administrative	273,058	478,597	107,160	13,500	9,235	14,982	21,433
91600 Office Expenses	67,475	117,519	2,132	19,583	-	16,522	2,776
91700 Legal Expense	1,746	75	-	3	-	2,320	1
91800 Travel	3,004	8,919	168	1,544	-	1,090	171
91900 Other	140,926	177,234	-	47,582	1,509	3,761	3,620
91000 Total Operating - Administrative	1,475,762	1,790,448	309,638	118,550	54,388	91,265	77,612
92000 Asset Management Fee	83,050	-	-	-	-	-	-
92100 Tenant Services - Salaries	25,936	-	-	-	-	-	-
92200 Relocation Costs	4,248	-	-	-	-	-	-
92400 Tenant Services - Other	17,071	-	-	-	-	-	16
92500 Total Tenant Services	47,255	-	-	-	-	-	16
93100 Water	130,023	-	-	-	-	17,349	11,207
93200 Electricity	108,741	-	-	-	-	9,530	1,793
93300 Gas	60,162	-	-	-	-	685	-
93600 Sewer	230,660	-	-	-	-	26,443	19,041
93800 Other Utilities Expense	-	-	-	-	-	-	-
93000 Total Utilities	529,586	-	-	-	-	54,007	32,041
94100 Ordinary Maintenance and Operations - Labor	423,663	-	-	193,588	-	58,264	31,774
94200 Ordinary Maintenance and Operations - Materials and Other	164,073	303	-	214,394	-	50,828	14,481
94300 Ordinary Maintenance and Operations Contracts	784,363	6,823	-	7,112	-	97,327	43,517
94500 Employee Benefit Contributions - Ordinary Maintenance	259,953	-	-	96,965	-	11,202	19,615
94000 Total Maintenance	1,632,052	7,126	-	512,059	-	217,621	109,387
95100 Protective Services - Labor	14,086	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	17
95500 Employee Benefit Contributions - Protective Services	2,521	-	-	-	-	-	-
95000 Total Protective Services	16,607	-	-	-	-	-	17
96110 Property Insurance	97,202	-	-	-	-	8,042	-
96140 All Other Insurance	-	14,203	-	5,836	-	-	3,313
96100 Total Insurance Premiums	97,202	14,203	-	5,836	-	8,042	3,313

Interest Reduction Payments	Low-Income Home Emergency Assistance	Supportive Housing Program	Other Federal Program 1	1. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ 473,482	\$ -	\$ -	\$ -	\$ 932,450	\$ -	\$ 1,301,344	\$ 730,865	\$ 5,534,524	\$ -	\$ 5,534,524
17,157	-	-	-	-	-	19,348	-	50,840	-	50,840
490,639	-	-	-	932,450	-	1,320,692	730,865	5,585,364	-	5,585,364
383,249	-	297	-	-	2,100	-	-	20,382,343	-	20,382,343
-	-	-	-	-	-	-	-	367,202	-	367,202
-	-	-	-	-	502,256	-	-	502,256	(502,256)	-
-	-	-	-	-	82,270	-	-	82,270	(82,270)	-
-	-	-	-	-	61,733	-	-	61,733	(61,733)	-
-	-	-	-	-	202,298	-	-	202,298	(202,298)	-
-	-	-	-	-	479,872	-	-	479,872	(479,872)	-
-	-	-	-	-	1,328,429	-	-	1,328,429	(1,328,429)	-
-	294,690	-	-	548,302	-	37,602	-	1,772,304	-	1,772,304
-	-	-	-	259,317	750	1,175	602	264,355	(19,396)	244,959
-	-	-	-	413	-	-	-	413	-	413
-	-	-	-	-	-	-	-	25,807	-	25,807
14,457	-	-	-	879,911	250	328,153	10,500	1,351,660	(174,464)	1,177,196
301	-	-	-	107	-	-	-	1,533	-	1,533
888,646	294,690	297	-	2,620,500	1,331,529	1,687,622	741,967	31,079,410	(1,522,289)	29,557,121
123,212	17,703	-	-	407,413	749,909	127,583	67,687	3,294,482	(218,265)	3,076,217
1,439	650	-	-	3,015	8,045	35,100	9,413	82,220	-	82,220
83,992	-	-	-	26,638	-	98,263	147,400	843,687	(676,719)	166,968
-	-	-	-	-	-	-	-	61,734	(61,734)	-
57	1,189	-	-	(63)	247	2,806	-	9,593	-	9,593
107,580	7,266	-	-	187,514	312,441	24,820	-	1,557,586	(154,807)	1,402,779
31,005	11,703	-	-	34,219	31,361	41,498	11,092	386,885	(106,800)	280,085
1,609	8	-	-	684	62	507	2,721	9,736	-	9,736
966	1,555	-	-	7,359	5,233	-	-	30,009	-	30,009
516	19,424	-	-	55,707	24,336	44,935	7,194	526,744	-	526,744
350,376	59,498	-	-	722,486	1,131,634	375,512	245,507	6,802,676	(1,218,325)	5,584,351
-	-	-	-	-	-	-	-	83,050	(82,270)	780
-	-	-	-	-	-	-	-	25,936	-	25,936
-	-	-	-	-	-	-	-	4,248	-	4,248
89	-	-	-	32	548	-	-	17,756	-	17,756
89	-	-	-	32	548	-	-	47,940	-	47,940
25,636	-	-	-	25,781	2,585	54,149	31,476	298,206	-	298,206
17,302	-	-	-	21,240	21,426	59,258	25,660	264,950	-	264,950
14,373	-	-	-	1,273	-	-	-	76,493	-	76,493
34,213	-	-	-	36,804	5,083	62,523	28,243	443,010	-	443,010
-	-	-	-	-	-	76	-	76	-	76
91,524	-	-	-	85,098	29,094	176,006	85,379	1,082,735	-	1,082,735
108,921	127,514	-	-	94,846	143,775	69,811	-	1,252,156	-	1,252,156
49,199	37,339	-	-	359,638	38,509	111,321	175,971	1,216,056	-	1,216,056
150,271	3,064	-	-	208,787	79,308	105,484	122,120	1,608,176	(202,298)	1,405,878
26,930	64,509	-	-	44,834	103,849	-	-	627,857	-	627,857
335,321	232,426	-	-	708,105	365,441	286,616	298,091	4,704,245	(202,298)	4,501,947
-	-	-	-	-	-	-	-	14,086	-	14,086
2,075	-	-	-	457	521	-	772	3,842	-	3,842
257	-	-	-	-	-	-	-	2,778	-	2,778
2,332	-	-	-	457	521	-	772	20,706	-	20,706
15,209	-	-	-	14,449	15,440	-	-	150,342	-	150,342
-	2,766	-	-	6,420	-	21,141	13,685	67,364	-	67,364
15,209	2,766	-	-	20,869	15,440	21,141	13,685	217,706	-	217,706

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

	Low Rent Public Housing	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Weatherization Assistance for Low-income Persons	Shelter Care Plus	Rural Rental Assistance Payments	N/C S/R Section 8 Programs
96200 Other General Expenses	\$ -	\$ 95	\$ -	\$ -	\$ -	\$ -	\$ -
96300 Payments in Lieu of Taxes	129,288	-	-	-	-	-	13,737
96400 Bad Debt - Tenant Rents	33,030	-	-	-	-	1,925	(262)
96000 Total Other General Expenses	162,318	95	-	-	-	1,925	13,475
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	46,303	6,889
96900 Total Operating Expenses	4,043,832	1,811,872	309,638	636,445	54,388	419,163	242,750
97000 Excess of Operating Revenue Over Operating Expenses	344,566	15,108,984	-	-	450,245	94,067	(1,791)
97100 Extraordinary Maintenance	13,976	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	2,530	-	-	-	-	-	-
97300 Housing Assistance Payments	-	14,976,696	-	-	450,245	-	-
97400 Depreciation Expense	669,046	-	-	-	-	121,379	38,000
90000 Total Expenses	4,729,384	16,788,568	309,638	636,445	504,633	540,542	280,750
10091 Inter Project Excess Cash Transfer In	233,013	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	(233,013)	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(340,986)	132,288	-	-	-	(27,312)	(39,791)
Memo Account Information							
11020 Required Annual Debt Principal Payments	-	-	-	-	-	61,978	16,542
11030 Beginning Equity	21,427,853	1,220,412	-	(5,882)	5,278	2,686,520	1,031,696
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	1,344,918	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	7,782	-	-	-	-	-
11190 Unit Months Available	8,400	36,336	-	-	-	960	276
11210 Number of Unit Months Leased	8,177	35,872	-	-	-	930	241
11270 Excess Cash	712,281	-	-	-	-	-	-
11620 Building Purchases	335,324	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	20,310	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	6,179	-	-	-	-	-	-

Interest Reduction Payments	Low-Income Home Emergency Assistance	Supportive Housing Program	Other Federal Program 1	I. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ 108,206	\$ -	\$ 130,110	\$ -	\$ 238,411	\$ -	\$ 238,411
-	-	-	-	-	-	-	-	143,025	-	143,025
4,578	-	-	-	9,095	-	1,522	-	49,888	-	49,888
4,578	-	-	-	117,301	-	131,632	-	431,324	-	431,324
-	-	-	-	95,508	-	261,085	96,659	506,444	(19,396)	487,048
799,429	294,690	-	-	1,749,856	1,542,678	1,251,992	740,093	13,896,826	(1,522,289)	12,374,537
89,217	-	297	-	870,644	(211,149)	435,630	1,874	17,182,584	-	17,182,584
493	-	-	-	675	-	-	-	15,144	-	15,144
-	-	-	-	-	-	-	-	2,530	-	2,530
-	-	-	-	13,892	-	-	-	15,440,833	-	15,440,833
126,210	-	-	455	223,524	36,285	931,913	357,520	2,504,332	-	2,504,332
926,132	294,690	-	455	1,987,947	1,578,963	2,183,905	1,097,613	31,859,665	(1,522,289)	30,337,376
-	-	-	-	-	-	-	-	233,013	-	233,013
-	-	-	-	-	-	-	-	(233,013)	-	(233,013)
-	-	-	-	-	-	-	230,000	230,000	-	230,000
-	-	-	-	-	-	-	230,000	230,000	-	230,000
(37,486)	-	297	(455)	632,553	(247,434)	(496,283)	(585,646)	(1,010,255)	-	(1,010,255)
31,620	-	-	-	168,794	-	328,153	43,570	650,657	-	650,657
5,040,444	(13,268)	(118)	(342)	14,732,884	1,224,577	12,797,420	1,631,021	61,778,495	-	61,778,495
-	-	-	-	(434,717)	-	(2,029,682)	1,890,856	(573,543)	-	(573,543)
-	-	-	-	-	-	-	-	1,344,918	-	1,344,918
-	-	-	-	-	-	-	-	7,782	-	7,782
1,296	-	-	-	1,836	-	3,720	1,968	54,792	-	54,792
1,147	-	-	-	1,691	-	3,646	1,956	53,660	-	53,660
-	-	-	-	-	-	-	-	712,281	-	712,281
-	-	-	-	-	-	-	-	335,324	-	335,324
-	-	-	-	-	-	-	-	20,310	-	20,310
-	-	-	-	-	-	-	-	6,179	-	6,179

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF NET POSITION -
 LOW RENT PUBLIC HOUSING DETAIL
 SEPTEMBER 30, 2015

	AMP 1 OR006000100	AMP 2 OR006000200
113 Cash - Other Restricted	\$ -	\$ 36,935
114 Cash - Tenant Security Deposits	8,530	63,960
100 Total Cash	<u>8,530</u>	<u>100,895</u>
122 Accounts Receivable - HUD Other Projects	3,369	7,577
125 Accounts Receivable - Miscellaneous	-	1,786
126 Accounts Receivable - Tenants	195	7,523
127 Notes, Loans, & Mortgages Receivable - Current	334	7,722
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>3,898</u>	<u>24,608</u>
131 Investments - Unrestricted	33,852	282,313
143 Inventories	697	28,156
150 Total Current Assets	<u>46,977</u>	<u>435,972</u>
161 Land	299,209	1,312,541
162 Buildings	3,776,627	10,174,028
164 Furniture, Equipment & Machinery - Administration	56,272	471,719
166 Accumulated Depreciation	(1,411,552)	(7,530,543)
167 Construction in Progress	9,664	55,265
160 Total Capital Assets, Net of Accumulated Depreciation	<u>2,730,220</u>	<u>4,483,010</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 2,777,197</u>	<u>\$ 4,918,982</u>
312 Accounts Payable <= 90 Days	\$ 20,095	\$ 29,986
321 Accrued Wage/Payroll Taxes Payable	618	3,417
322 Accrued Compensated Absences - Current Portion	7,162	26,479
333 Accounts Payable - Other Government	3,057	45,365
341 Tenant Security Deposits	8,530	63,960
347 Inter Program - Due To	65,526	-
310 Total Current Liabilities	<u>104,988</u>	<u>169,207</u>
353 Non-current Liabilities - Other	-	36,935
354 Accrued Compensated Absences - Non Current	3,070	11,348
350 Total Non-Current Liabilities	<u>3,070</u>	<u>48,283</u>
300 Total Liabilities	<u>108,058</u>	<u>217,490</u>
508.4 Net Investment in Capital Assets	2,730,220	4,483,010
512.4 Unrestricted Net Position	(61,081)	218,482
513 Total Equity - Net Assets / Position	<u>2,669,139</u>	<u>4,701,492</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	<u>\$ 2,777,197</u>	<u>\$ 4,918,982</u>

AMP 3 OR006000300	AMP 4 OR006000400	AMP 5 OR006000500	AMP 6 OR006000600	Total
\$ 27,882	\$ 853	\$ -	\$ -	\$ 65,670
57,895	16,975	16,525	9,255	173,140
85,777	17,828	16,525	9,255	238,810
13,407	24,109	3,559	58,313	110,334
3,399	880	-	2,410	8,475
10,453	223	11,704	-	30,098
2,835	1,946	832	20	13,689
30,094	27,158	16,095	60,743	162,596
231,974	467,794	373,589	77,068	1,466,590
5,443	4,877	6,905	9,853	55,931
353,288	517,657	413,114	156,919	1,923,927
1,024,218	687,758	450,796	519,746	4,294,268
7,292,961	5,366,995	3,592,513	6,176,533	36,379,657
370,623	164,723	150,508	178,667	1,392,512
(4,041,331)	(4,194,632)	(2,314,740)	(2,981,482)	(22,474,280)
36,220	86,356	77,777	182,283	447,565
4,682,691	2,111,200	1,956,854	4,075,747	20,039,722
<u>\$ 5,035,979</u>	<u>\$ 2,628,857</u>	<u>\$ 2,369,968</u>	<u>\$ 4,232,666</u>	<u>\$ 21,963,649</u>
\$ 12,332	\$ 17,833	\$ 10,596	\$ 22,251	\$ 113,093
2,474	1,257	2,296	1,767	11,829
17,976	26,990	14,444	19,410	112,461
25,295	29,179	12,855	13,537	129,288
57,895	16,975	16,525	9,255	173,140
-	-	45,130	112,447	223,103
115,972	92,234	101,846	178,667	762,914
27,882	853	-	-	65,670
7,704	11,567	6,190	8,319	48,198
35,586	12,420	6,190	8,319	113,868
151,558	104,654	108,036	186,986	876,782
4,682,691	2,111,200	1,956,854	4,075,747	20,039,722
201,730	413,003	305,078	(30,067)	1,047,145
4,884,421	2,524,203	2,261,932	4,045,680	21,086,867
<u>\$ 5,035,979</u>	<u>\$ 2,628,857</u>	<u>\$ 2,369,968</u>	<u>\$ 4,232,666</u>	<u>\$ 21,963,649</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - LOW RENT PUBLIC HOUSING DETAIL
YEAR ENDED SEPTEMBER 30, 2015

	AMP 1 OR006000100			AMP 2 OR006000200		
	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
70300 Net Tenant Rental Revenue	\$ 72,637	\$ -	\$ 72,637	\$ 595,435	\$ -	\$ 595,435
70400 Tenant Revenue - Other	-	-	-	-	-	-
70500 Total Tenant Revenue	72,637	-	72,637	595,435	-	595,435
70600 HUD PHA Operating Grants	92,816	1,781	94,597	519,174	41,129	560,303
70610 Capital Grants	-	7,502	7,502	-	105,982	105,982
71100 Investment Income - Unrestricted	69	-	69	403	-	403
71500 Other Revenue	2,131	-	2,131	27,717	-	27,717
70000 Total Revenue	167,653	9,283	176,936	1,142,729	147,111	1,289,840
91100 Administrative Salaries	30,806	-	30,806	126,634	-	126,634
91200 Auditing Fees	451	-	451	3,198	1,940	5,138
91300 Management Fee	17,092	856	17,948	125,524	1,833	127,357
91310 Book-keeping Fee	2,550	-	2,550	18,728	-	18,728
91400 Advertising and Marketing	15	-	15	107	-	107
91500 Employee Benefit contributions - Administrative	16,707	-	16,707	62,036	-	62,036
91600 Office Expenses	6,255	-	6,255	11,046	-	11,046
91700 Legal Expense	20	-	20	334	-	334
91800 Travel	94	-	94	136	-	136
91900 Other	3,182	925	4,107	32,588	37,356	69,944
91000 Total Operating - Administrative	77,172	1,781	78,953	380,331	41,129	421,460
92000 Asset Management Fee	3,390	-	3,390	25,740	-	25,740
92100 Tenant Services - Salaries	1,238	-	1,238	7,884	-	7,884
92200 Relocation Costs	3,276	-	3,276	-	-	-
92400 Tenant Services - Other	709	-	709	5,175	-	5,175
92500 Total Tenant Services	5,223	-	5,223	13,059	-	13,059
93100 Water	17,886	-	17,886	43,670	-	43,670
93200 Electricity	2,106	-	2,106	1,008	-	1,008
93300 Gas	-	-	-	-	-	-
93600 Sewer	22,073	-	22,073	97,112	-	97,112
93000 Total Utilities	42,065	-	42,065	141,790	-	141,790
94100 Ordinary Maintenance and Operations - Labor	13,444	-	13,444	121,622	-	121,622
94200 Ordinary Maintenance and Operations - Materials and	203	-	203	40,852	-	40,852
94300 Ordinary Maintenance and Operations Contracts	95,402	-	95,402	201,861	-	201,861
94500 Employee Benefit Contributions - Ordinary Maintenance	5,289	-	5,289	81,179	-	81,179
94000 Total Maintenance	114,338	-	114,338	445,514	-	445,514
95100 Protective Services - Labor	-	-	-	7,952	-	7,952
95500 Employee Benefit Contributions - Protective Services	-	-	-	1,560	-	1,560
95000 Total Protective Services	-	-	-	9,512	-	9,512
96110 Property Insurance	4,038	-	4,038	21,463	-	21,463
96300 Payments in Lieu of Taxes	3,057	-	3,057	45,365	-	45,365
96400 Bad debt - Tenant Rents	(170)	-	(170)	5,652	-	5,652
96000 Total Other General Expenses	2,887	-	2,887	51,017	-	51,017
96900 Total Operating Expenses	249,113	1,781	250,894	1,088,426	41,129	1,129,555
97000 Excess of Operating Revenue over Operating Expenses	(81,460)	7,502	(73,958)	54,303	105,982	160,285
97100 Extraordinary Maintenance	8,126	-	8,126	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	2,530	-	2,530
97400 Depreciation Expense	42,678	-	42,678	188,957	-	188,957
90000 Total Expenses	299,917	1,781	301,698	1,279,913	41,129	1,321,042
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$(132,264)</u>	<u>\$ 7,502</u>	<u>\$(124,762)</u>	<u>\$(137,184)</u>	<u>\$ 105,982</u>	<u>\$ (31,202)</u>

AMP 3 OR006000300			AMP 4 OR006000400			AMP 5 OR006000500		
Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
\$ 290,190	\$ -	\$ 290,190	\$ 451,394	\$ -	\$ 451,394	\$ 217,984	\$ -	\$ 217,984
-	-	-	9,465	-	9,465	2,766	-	2,766
290,190	-	290,190	460,859	-	460,859	220,750	-	220,750
397,016	241,414	638,430	300,142	29,818	329,960	232,935	2,138	235,073
-	25,594	25,594	-	79,714	79,714	-	4,336	4,336
400	-	400	727	-	727	756	-	756
26,165	-	26,165	10,193	-	10,193	6,230	-	6,230
713,771	267,008	980,779	771,921	109,532	881,453	460,671	6,474	467,145
96,028	-	96,028	98,450	-	98,450	59,197	-	59,197
1,913	60	1,973	2,258	-	2,258	1,354	-	1,354
76,310	2,541	78,851	88,224	6,999	95,223	52,784	524	53,308
11,385	-	11,385	13,163	-	13,163	7,875	-	7,875
1,230	-	1,230	75	-	75	45	-	45
54,026	-	54,026	62,970	-	62,970	31,077	-	31,077
11,265	-	11,265	13,043	-	13,043	12,541	-	12,541
870	-	870	336	-	336	124	-	124
175	-	175	1,090	-	1,090	920	-	920
3,507	5,800	9,307	3,901	22,819	26,720	4,675	1,614	6,289
256,709	8,401	265,110	283,510	29,818	313,328	170,592	2,138	172,730
15,160	-	15,160	17,550	-	17,550	10,500	-	10,500
4,566	-	4,566	5,605	-	5,605	3,320	-	3,320
-	-	-	-	-	-	972	-	972
3,150	-	3,150	3,700	-	3,700	2,200	-	2,200
7,716	-	7,716	9,305	-	9,305	6,492	-	6,492
12,743	-	12,743	15,076	-	15,076	28,489	-	28,489
3,551	-	3,551	72,632	-	72,632	10,890	-	10,890
-	-	-	45,473	-	45,473	12,996	-	12,996
20,942	-	20,942	26,420	-	26,420	37,057	-	37,057
37,236	-	37,236	159,601	-	159,601	89,432	-	89,432
136,938	-	136,938	37,284	-	37,284	62,122	-	62,122
52,372	-	52,372	22,207	-	22,207	18,089	-	18,089
230,740	-	230,740	81,342	-	81,342	78,889	-	78,889
94,389	-	94,389	12,683	-	12,683	44,947	-	44,947
514,439	-	514,439	153,516	-	153,516	204,047	-	204,047
-	-	-	2,414	-	2,414	1,306	-	1,306
-	-	-	382	-	382	202	-	202
-	-	-	2,796	-	2,796	1,508	-	1,508
30,760	-	30,760	17,169	-	17,169	7,125	-	7,125
25,295	-	25,295	29,179	-	29,179	12,855	-	12,855
20,528	-	20,528	2,384	-	2,384	1,999	-	1,999
45,823	-	45,823	31,563	-	31,563	14,854	-	14,854
907,843	8,401	916,244	675,010	29,818	704,828	504,550	2,138	506,688
(194,072)	258,607	64,535	96,911	79,714	176,625	(43,879)	4,336	(39,543)
-	-	-	-	-	-	5,850	-	5,850
-	-	-	-	-	-	-	-	-
169,670	-	169,670	80,108	-	80,108	59,026	-	59,026
1,077,513	8,401	1,085,914	755,118	29,818	784,936	569,426	2,138	571,564
233,013	(233,013)	-	-	-	-	-	-	-
233,013	(233,013)	-	-	-	-	-	-	-
\$ (130,729)	\$ 25,594	\$ (105,135)	\$ 16,803	\$ 79,714	\$ 96,517	\$ (108,755)	\$ 4,336	\$ (104,419)

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - LOW RENT PUBLIC HOUSING DETAIL
YEAR ENDED SEPTEMBER 30, 2015

		AMP 6 OR006000600			Total	Total	
		Low	Capital	Total	Low	Capital	Total
		Rent	Fund		Rent	Fund	
70300	Net Tenant Rental Revenue	\$ 194,831	\$ -	\$ 194,831	\$1,822,471	\$ -	\$1,822,471
70400	Tenant Revenue - Other	2,104	-	2,104	14,335	-	14,335
70500	Total Tenant Revenue	196,935	-	196,935	1,836,806	-	1,836,806
70600	HUD PHA Operating Grants	205,627	34,956	240,583	1,747,710	351,236	2,098,946
70610	Capital Grants	-	144,074	144,074	-	367,202	367,202
71100	Investment Income - Unrestricted	156	-	156	2,511	-	2,511
71500	Other Revenue	10,497	-	10,497	82,933	-	82,933
70000	Total Revenue	413,215	179,030	592,245	3,669,960	718,438	4,388,398
91100	Administrative Salaries	61,082	-	61,082	472,197	-	472,197
91200	Auditing Fees	1,416	-	1,416	10,590	2,000	12,590
91300	Management Fee	53,839	14,987	68,826	413,773	27,740	441,513
91310	Book-keeping Fee	8,033	-	8,033	61,734	-	61,734
91400	Advertising and Marketing	47	-	47	1,519	-	1,519
91500	Employee Benefit contributions - Administrative	46,242	-	46,242	273,058	-	273,058
91600	Office Expenses	13,325	-	13,325	67,475	-	67,475
91700	Legal Expense	62	-	62	1,746	-	1,746
91800	Travel	589	-	589	3,004	-	3,004
91900	Other	4,590	19,969	24,559	52,443	88,483	140,926
91000	Total Operating - Administrative	189,225	34,956	224,181	1,357,539	118,223	1,475,762
92000	Asset Management Fee	10,710	-	10,710	83,050	-	83,050
92100	Tenant Services - Salaries	3,323	-	3,323	25,936	-	25,936
92200	Relocation Costs	-	-	-	4,248	-	4,248
92400	Tenant Services - Other	2,137	-	2,137	17,071	-	17,071
92500	Total Tenant Services	5,460	-	5,460	47,255	-	47,255
93100	Water	12,159	-	12,159	130,023	-	130,023
93200	Electricity	18,554	-	18,554	108,741	-	108,741
93300	Gas	1,693	-	1,693	60,162	-	60,162
93600	Sewer	27,056	-	27,056	230,660	-	230,660
93000	Total Utilities	59,462	-	59,462	529,586	-	529,586
94100	Ordinary Maintenance and Operations - Labor	52,253	-	52,253	423,663	-	423,663
94200	Ordinary Maintenance and Operations - Materials and	30,350	-	30,350	164,073	-	164,073
94300	Ordinary Maintenance and Operations Contracts	96,129	-	96,129	784,363	-	784,363
94500	Employee Benefit Contributions - Ordinary Maintenance	21,466	-	21,466	259,953	-	259,953
94000	Total Maintenance	200,198	-	200,198	1,632,052	-	1,632,052
95100	Protective Services - Labor	2,414	-	2,414	14,086	-	14,086
95500	Employee Benefit Contributions - Protective Services	377	-	377	2,521	-	2,521
95000	Total Protective Services	2,791	-	2,791	16,607	-	16,607
96110	Property Insurance	16,647	-	16,647	97,202	-	97,202
96300	Payments in Lieu of Taxes	13,537	-	13,537	129,288	-	129,288
96400	Bad debt - Tenant Rents	2,637	-	2,637	33,030	-	33,030
96000	Total Other General Expenses	16,174	-	16,174	162,318	-	162,318
96900	Total Operating Expenses	500,667	34,956	535,623	3,925,609	118,223	4,043,832
97000	Excess of Operating Revenue over Operating Expenses	(87,452)	144,074	56,622	(255,649)	600,215	344,566
97100	Extraordinary Maintenance	-	-	-	13,976	-	13,976
97200	Casualty Losses - Non-capitalized	-	-	-	2,530	-	2,530
97400	Depreciation Expense	128,607	-	128,607	669,046	-	669,046
90000	Total Expenses	629,274	34,956	664,230	4,611,161	118,223	4,729,384
10091	Inter Project Excess Cash Transfer In	-	-	-	233,013	(233,013)	-
10100	Total Other financing Sources (Uses)	-	-	-	233,013	(233,013)	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$(216,059)</u>	<u>\$ 144,074</u>	<u>\$ (71,985)</u>	<u>\$ (708,188)</u>	<u>\$ 367,202</u>	<u>\$ (340,986)</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR RURAL RENTAL ASSISTANCE PAYMENTS PROGRAM
SEPTEMBER 30, 2015**

	<u>Camas</u>	<u>Norseman Village Apartments</u>	<u>Total</u>
111 Cash - Unrestricted	\$ 10,178	101,742	\$ 111,920
113 Cash - Other Restricted	66,150	239,307	305,457
114 Cash - Tenant Security Deposits	12,456	16,508	28,964
100 Total Cash	<u>88,784</u>	<u>357,557</u>	<u>446,341</u>
126 Accounts Receivable - Tenants	12,838	13,515	26,353
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>12,838</u>	<u>13,515</u>	<u>26,353</u>
142 Prepaid Expenses and Other Assets	3,551	3,759	7,310
150 Total Current Assets	<u>105,173</u>	<u>374,831</u>	<u>480,004</u>
161 Land	371,677	98,729	470,406
162 Buildings	936,382	3,989,216	4,925,598
163 Equipment	8,860	-	8,860
166 Accumulated Depreciation	<u>(294,009)</u>	<u>(400,561)</u>	<u>(694,570)</u>
160 Total Capital Assets, Net of Accumulated Depreciation	<u>1,022,910</u>	<u>3,687,384</u>	<u>4,710,294</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 1,128,083</u>	<u>\$ 4,062,215</u>	<u>\$ 5,190,298</u>
312 Accounts Payable <= 90 Days	\$ 13,090	\$ 7,848	\$ 20,938
325 Accrued Interest Payable	652	3,171	3,823
341 Tenant Security Deposits	12,456	16,508	28,964
342 Unearned Revenue	23	-	23
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	11,604	21,230	32,834
347 Inter Program - Due To	83,282	132,995	216,277
310 Total Current Liabilities	<u>121,107</u>	<u>181,752</u>	<u>302,859</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	435,258	1,792,973	2,228,231
300 Total Liabilities	<u>556,365</u>	<u>1,974,725</u>	<u>2,531,090</u>
508.4 Net Investment in Capital Assets	576,048	1,873,181	2,449,229
511.4 Restricted Net Position	66,150	239,307	305,458
512.4 Unrestricted Net Position	<u>(70,480)</u>	<u>(24,998)</u>	<u>(95,480)</u>
513 Total Equity - Net Assets / Position	<u>571,718</u>	<u>2,087,490</u>	<u>2,659,208</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	<u>\$ 1,128,083</u>	<u>\$ 4,062,215</u>	<u>\$ 5,190,298</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR RURAL RENTAL ASSISTANCE PAYMENTS PROGRAM
SEPTEMBER 30, 2015**

	<u>Camas</u>	<u>Norseman Village Apartments</u>	<u>Total</u>
70300 Net Tenant Rental Revenue	\$ 115,776	\$ 115,560	\$ 231,336
70800 Other Government Grants	88,954	166,311	255,265
71500 Other Revenue	20,502	6,053	26,555
72000 Investment Income - Restricted	14	60	74
70000 Total Revenue	<u>225,246</u>	<u>287,984</u>	<u>513,230</u>
91100 Administrative Salaries	2,757	2,847	5,604
91200 Auditing Fees	392	479	871
91300 Management Fee	20,141	25,740	45,881
91400 Advertising and Marketing	119	115	234
91500 Employee Benefit contributions - Administrative	6,408	8,574	14,982
91600 Office Expenses	9,850	6,672	16,522
91700 Legal Expense	1,740	580	2,320
91800 Travel	739	351	1,090
91900 Other	1,466	2,295	3,761
91000 Total Operating - Administrative	<u>43,612</u>	<u>47,653</u>	<u>91,265</u>
93100 Water	12,170	5,179	17,349
93200 Electricity	6,065	3,465	9,530
93300 Gas	-	685	685
93600 Sewer	18,044	8,399	26,443
93000 Total Utilities	<u>36,279</u>	<u>17,728</u>	<u>54,007</u>
94100 Ordinary Maintenance and Operations - Labor	34,286	23,978	58,264
94200 Ordinary Maintenance and Operations - Materials & Other	38,819	12,009	50,828
94300 Ordinary Maintenance and Operations Contracts	45,576	51,751	97,327
94500 Employee Benefit Contributions - Ordinary Maintenance	6,770	4,432	11,202
94000 Total Maintenance	<u>125,451</u>	<u>92,170</u>	<u>217,621</u>
96110 Property Insurance	3,900	4,142	8,042
96400 Bad debt - Tenant Rents	1,818	107	1,925
96710 Interest of Mortgage (or Bonds) Payable	8,163	38,140	46,303
96900 Total Operating Expenses	<u>219,223</u>	<u>199,940</u>	<u>419,163</u>
97000 Excess of Operating Revenue over Operating Expenses	6,023	88,044	94,067
97400 Depreciation Expense	21,132	100,247	121,379
90000 Total Expenses	<u>240,355</u>	<u>300,187</u>	<u>540,542</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ (15,109)</u>	<u>\$ (12,203)</u>	<u>\$ (27,312)</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR INTEREST REDUCTION PAYMENTS PROGRAM
SEPTEMBER 30, 2015**

	<u>Village Oaks</u>	<u>14 Pines</u>	<u>Total</u>
113 Cash - Other Restricted	\$ 256,154	\$ 244,039	\$ 500,193
114 Cash - Tenant Security Deposits	<u>29,486</u>	<u>13,438</u>	<u>42,924</u>
100 Total Cash	<u>285,640</u>	<u>257,477</u>	<u>543,117</u>
126 Accounts Receivable - Tenants	<u>4,630</u>	<u>4,258</u>	<u>8,888</u>
143 Inventories	<u>9,166</u>	<u>6,015</u>	<u>15,181</u>
150 Total Current Assets	<u>299,436</u>	<u>267,750</u>	<u>567,186</u>
161 Land	593,299	770,248	1,363,547
162 Buildings	2,282,400	3,377,589	5,659,989
164 Furniture, Equipment & Machinery - Administration	19,580	13,433	33,013
166 Accumulated Depreciation	<u>(911,027)</u>	<u>(1,261,360)</u>	<u>(2,172,387)</u>
160 Total Capital Assets, Net of Accumulated Depreciation	<u>1,984,252</u>	<u>2,899,910</u>	<u>4,884,162</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 2,283,688</u>	<u>\$ 3,167,660</u>	<u>\$ 5,451,348</u>
312 Accounts Payable <= 90 Days	\$ 10,149	\$ 18,495	\$ 28,644
321 Accrued Wage/Payroll Taxes Payable	1,726	2,343	4,069
341 Tenant Security Deposits	29,486	13,438	42,924
347 Inter Program - Due To	<u>197,799</u>	<u>174,954</u>	<u>372,753</u>
310 Total Current Liabilities	<u>239,160</u>	<u>209,230</u>	<u>448,390</u>
508.4 Net Investment in Capital Assets	1,984,252	2,899,910	4,884,162
511.4 Restricted Net Position	256,154	244,039	500,193
512.4 Unrestricted Net Position	(195,878)	(185,519)	(381,397)
513 Total Equity - Net Assets / Position	<u>2,044,528</u>	<u>2,958,430</u>	<u>5,002,958</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	<u>\$ 2,283,688</u>	<u>\$ 3,167,660</u>	<u>\$ 5,451,348</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR INTEREST REDUCTION PAYMENTS PROGRAM
SEPTEMBER 30, 2015**

	<u>Village Oaks</u>	<u>14 Pines</u>	<u>Total</u>
70300 Net Tenant Rental Revenue	\$ 304,187	\$ 169,295	\$ 473,482
70400 Tenant Revenue - Other	8,475	8,682	17,157
70500 Total Tenant Revenue	<u>312,662</u>	<u>177,977</u>	<u>490,639</u>
70600 HUD PHA Operating Grants	<u>86,788</u>	<u>296,461</u>	<u>383,249</u>
71500 Other Revenue	6,805	7,652	14,457
72000 Investment Income - Restricted	183	118	301
70000 Total Revenue	<u>406,438</u>	<u>482,208</u>	<u>888,646</u>
91100 Administrative Salaries	61,368	61,844	123,212
91200 Auditing Fees	730	709	1,439
91300 Management Fee	42,436	41,556	83,992
91400 Advertising and Marketing	28	29	57
91500 Employee Benefit contributions - Administrative	52,287	55,293	107,580
91600 Office Expenses	17,187	13,818	31,005
91700 Legal Expense	723	886	1,609
91800 Travel	472	494	966
91900 Other	258	258	516
91000 Total Operating - Administrative	<u>175,489</u>	<u>174,887</u>	<u>350,376</u>
92500 Tenant Services - Other	<u>88</u>	<u>1</u>	<u>89</u>
93100 Water	12,338	13,298	25,636
93200 Electricity	8,961	8,341	17,302
93300 Gas	13,129	1,244	14,373
93600 Sewer	17,092	17,121	34,213
93000 Total Utilities	<u>51,520</u>	<u>40,004</u>	<u>91,524</u>
94100 Ordinary Maintenance and Operations - Labor	49,428	59,493	108,921
94200 Ordinary Maintenance and Operations - Materials and Other	31,639	17,560	49,199
94300 Ordinary Maintenance and Operations Contracts	68,555	81,716	150,271
94500 Employee Benefit Contributions - Ordinary Maintenance	11,934	14,996	26,930
94000 Total Maintenance	<u>161,556</u>	<u>173,765</u>	<u>335,321</u>
95200 Protective Services - Other Contract Costs	2,075	-	2,075
95500 Employee Benefit Contributions - Protective Services	257	-	257
95000 Total Protective Services	<u>2,332</u>	<u>-</u>	<u>2,332</u>
96110 Property Insurance	7,527	7,682	15,209
96400 Bad debt - Tenant Rents	3,126	1,452	4,578
96900 Total Operating Expenses	<u>401,638</u>	<u>397,791</u>	<u>799,429</u>
97000 Excess of Operating Revenue over Operating Expenses	<u>4,800</u>	<u>84,417</u>	<u>89,217</u>
97100 Extraordinary Maintenance	-	493	493
97400 Depreciation Expense	51,194	75,016	126,210
90000 Total Expenses	<u>452,832</u>	<u>473,300</u>	<u>926,132</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ (46,394)</u>	<u>\$ 8,908</u>	<u>\$ (37,486)</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF CAPITAL FUND PROGRAM
YEAR ENDED SEPTEMBER 30, 2015**

1. The actual Modernization Costs on Modernization Project No. OR16P006501-12 is as follows:

	Funds <u>Approved</u>	Funds <u>Expended</u>	Excess of Funds <u>Approved</u>	Funds <u>Advanced</u>	Funds <u>Expended</u>	Excess of Funds <u>Advanced</u>
Operations	\$ 131,036	\$ 131,036	\$ -	\$ 131,036	\$ 131,036	\$ -
Management improvement	13,995	13,995	-	13,995	13,995	-
Administration	96,154	96,154	-	96,154	96,154	-
Audit	2,000	2,000	-	2,000	2,000	-
Fees and costs	50,604	50,604	-	50,604	50,604	-
Site improvements	300,684	300,684	-	300,684	300,684	-
Dwelling structures	326,516	326,516	-	326,516	326,516	-
Dwelling equipment	19,545	19,545	-	19,545	19,545	-
Non-dwelling structures	17,741	17,741	-	17,741	17,741	-
Relocation costs	3,265	3,265	-	3,265	3,265	-
	<u>\$ 961,540</u>	<u>\$ 961,540</u>	<u>\$ -</u>	<u>\$ 961,540</u>	<u>\$ 961,540</u>	<u>\$ -</u>

2. All modernization work in conjunction with this Capital Fund Program has been completed.
3. All modernization costs or liabilities therefore incurred by the Housing Authority have been fully paid.
4. There are no undercharged mechanics, laborers, contractors or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed has expired.

**Actual Modernization
Cost Certificate**

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

OMB Approval No. 2577-0157 (exp. 01/31/2017)

Capital Fund Program (CFP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3800. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

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

PHA Name: Housing And Community Services Agency of Lane County	Modernization Project Number: OR16P006501-12
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The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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


A. Funds Approved	\$ 961,540.00
B. Funds Disbursed	\$ 961,540.00
C. Funds Expended (Actual Modernization Cost)	\$ 961,540.00
D. Amount to be Recaptured (A-C)	\$ -0-
E. Excess of Funds Disbursed (B-C)	\$

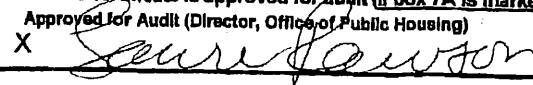
- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work;
- That the time in which such liens could be filed has expired; and
- That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

- A. This grant will be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.
- B. This grant will not be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name & Title of Authorized Signatory (type or print clearly): Jacob P. Fox, Executive Director	
Signature of Executive Director (or Authorized Designee): X 	Date: 01.19.16

For HUD Use Only	
The Cost Certificate is approved for audit (if box 7A is marked): Approved for Audit (Director, Office of Public Housing) X 	
Date: 1/28/16	

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked): Approved: (Director, Office of Public Housing) X	
Date:	

SINGLE AUDIT SECTION

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

Board of Commissioners
Housing And Community Services Agency of Lane County
Eugene, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing And Community Services Agency of Lane County ("HACSA"), a component unit of Lane County, Oregon and the aggregate discretely presented component units, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise HACSA's basic financial statements, and have issued our report thereon dated June 27, 2016. The financial statements of the discretely presented component units, except for Hawthorn-at-29th LLC, Munsel Park Limited Partnership, and Roosevelt Crossing Limited Partnership were not audited in accordance with Government Auditing Standards. This report does not include the results of the testing of internal control over financial reporting or compliance and other matters that are reported on separately for Hawthorn-at-29th LLC, Munsel Park Limited Partnership, and Roosevelt Crossing Limited Partnership

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HACSA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bjorklund & Montclair

Portland, Oregon
June 27, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Housing And Community Services Agency of Lane County
Eugene, Oregon

Report on Compliance for Each Major Federal Program

We have audited Housing And Community Services Agency of Lane County ("HACSA")'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of HACSA's major federal programs for the year ended September 30, 2015. HACSA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of HACSA's compliance.

Opinion on Each Major Federal Program

In our opinion, HACSA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on the major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

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

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

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

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

Bjorklund & Montclair

Portland, Oregon
June 27, 2016

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Program Title	Federal CFDA Number	Subgrant ID Number	2015 Expenditures
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Housing Choice Vouchers	* 14.871	N/A	\$16,892,417
Public Housing	* 14.850	N/A	1,747,710
Public Housing Capital Fund Program	* 14.872	N/A	718,438
Shelter Plus Care	14.238	N/A	504,633
Resident Opportunity and Support Services - Service Coordinator	14.870	N/A	309,638
Supportive Housing Program - McKenzie Transitions	14.235	N/A	297
Low Income Housing Preservation and Resident Homeownership Act of 1990 - Capital Grant - Village Oaks	* 99.999	N/A	2,126,871
Interest Reduction Payments - Rental and Corporation Housing for Lower Income Families Village Oaks	14.103	N/A	86,788
Fourteen Pines	14.103	N/A	296,461
Passed through Oregon Housing and Community Services Dept. - Section 8 New Construction and Substantial Rehabilitation - Abbie Lane Apartments	14.182	N/A	191,063
Passed through state of Oregon:			
HOME Investment Partnership Program	* 14.239		
Camas Apartments		X001-265	634,318
Munsel Park		0000008	670,726
Passed through city of Eugene:			
HOME Investment Partnership Program	* 14.239		
Jacobs Lane		98-02018	451,600
Hawthorn-at-29th		2009-02052	700,000
Laurel Garden		96-02103	137,200
Sheldon Village I		2002-02009	284,195
Sheldon Village II		2002-02091	290,805
Turtle Creek		2006-02013	565,000
Walnut Park		9570643	515,000
Willakenzie			225,000
Total Department of Housing and Urban Development			27,348,161

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2015**

Federal Grantor/Program Title	Federal CFDA Number	Subgrant ID Number	2015 Expenditures
Under States Department of Agriculture			
Direct Programs:			
Rural Rental Housing Loan - Camas Apartments	* 10.415	N/A	\$ 446,032
Rural Rental Housing Loan - Norsemen Village	* 10.415	N/A	1,813,485
Rural Rental Assistance Payments - Camas Apartments	* 10.427	N/A	111,059
Rural Rental Assistance Payments - Norsemen Village	* 10.427	N/A	<u>208,615</u>
Total Department of Agriculture			<u>2,579,191</u>
U.S. Department of Energy			
Passed through Lane County, Oregon:			
Weatherization Assistance for Low Income Persons	81.042	25765	213,674
Bonneville Power Administration	81.042	25765	<u>422,771</u>
Total Department of Energy			<u>636,445</u>
U.S. Department of Health and Human Services			
Passed through Lane County, Oregon -			
Low Income Home Energy Assistance Program	93.568	25765	<u>294,690</u>
Total Department of Health and Human Services			<u>294,690</u>
Total expenditures of federal awards			<u><u>\$30,858,487</u></u>

* Denotes Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing And Community Services Agency of Lane County ("HACSA"), a component unit of Lane County, Oregon, under programs of the federal government for the year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of Office of management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of HACSA, it is not intended to and does not represent the statement of net position, statement of revenues, expenses and changes in net position or statement of cash flows of HACSA.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. HUD Interpretations

In accordance with Real Estate Assessment Center's Interpretation of federal awards expended as defined by OMB Circular A-133 Sections .205(a)-(d), Housing Choice Vouchers and Public and Indian Housing Programs federal awards expended equals the subsidy for HACSA's fiscal period under audit.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> No
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> X </u> Yes	<u> </u> No

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Housing Choice Vouchers	14.871
Public Housing	14.850
Public Housing Capital Fund Program	14.872
HOME Investment Partnership Program	14.239
Rural Rental Housing Loan	10.415
Rural Rental Assistance Payments	10.427
Low Income Housing Preservation and Resident Home Ownership Act of 1990 - Capital Grant - Village Oaks	99.999
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$659,948</u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

SECTION 2 - FINDINGS - FINANCIAL STATEMENT AUDIT

None

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2015**

SECTION 3 - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM

Finding No. 2015-001 – CFDA 14.871 – Housing Choice Voucher

Criteria or Specific Condition – Chapter 24 of the Code of Federal Regulations, Section 982.517 requires that the Agency maintain an up-to-date utility allowance schedule for its Housing Choice Voucher program. These regulations require the Agency to review utility rate data for each utility category each year and to adjust its utility allowance schedule if there has been a rate change of 10 percent or more for a utility category or fuel type since the last time the utility allowance schedule was revised.

Condition – We examined a sample of 25 tenant files for review and noted the following:

- In four of the tenant files reviewed, the utility allowance was not updated from the prior year because an updated utility allowance for the current year had not been completed at the time the certifications were completed.
- In eight of the tenant files reviewed, the prior year’s utility allowance was used in computing the tenant portion of the rent, even though the utility allowance schedule had been updated as required.

Effect – Using the incorrect utility rate does not change the total amount of rent, however it does change the breakdown between the amount the tenant pays and the rent subsidy amount. It is not practical to determine the aggregate amount of the differences due to the large volume of vouchers; the number of locations with different utility allowances; and the timing of implementation of the updated utility allowances.

Cause – A key staff member who oversaw the annual utility allowance updates left the Agency unexpectedly which resulted in the utility allowance updates and implementation not being completed on a timely basis.

Recommendations – The Agency should schedule the timing of updating the utility analysis so that it is consistent from year to year, set a consistent date for implementation, and communicate the changes in a timely manner to staff who are responsible for preparing new and annual recertifications. The Agency should also consider cross training so that staff turnover does not disrupt daily operations.

Response – HACSA has contracted with Nelrod, a consultant specializing in HUD Housing programs, to complete the utility allowance (UA) schedules in the fall of every year. Nelrod’s first work products are ready for new and annual rent and UA calculations beginning July 2016. Staff training has taken place and written procedures for using UA schedules have also been created. Calendars have been marked as a reminder of the timing for UA update.

**HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY**
177 Day Island Road
Eugene, OR 97401

CORRECTIVE ACTION PLAN

Department of Housing and Urban Development

The Housing And Community Services Agency of Lane County respectfully submits the following corrective action plan for the year ended September 30, 2015.

Name and address of Independent Public Accounting Firm:

Bjorklund & Montplaisir
One Embassy Centre, Suite 460
9020 SW Washington Square Road
Portland, Oregon 97223

Audit period: October 1, 2014 through September 30, 2015

The finding from the September 30, 2015 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

Department of Housing and Urban Development


Finding No. 2015-001 – CFDA 14.871 – Housing Choice Voucher

Recommendation: The Agency should schedule the timing of updating the utility analysis so that it is consistent from year to year, set a consistent date for implementation, and communicate the changes in a timely manner to staff who are responsible for preparing new and annual recertifications. The Agency should also consider cross training so that staff turnover does not disrupt daily operations.

Planned Corrective Action: HACSA has contracted with Nelrod, a consultant specializing in HUD Housing programs, to complete the utility allowance (UA) schedules in the fall of every year. Nelrod's first work products are ready for new and annual rent and UA calculations beginning July 2016. Staff training has taken place and written procedures for using UA schedules have also been created. Calendars have been marked as a reminder of the timing for UA update.

If the Department of Housing and Urban Development has questions regarding this plan, please call Vicki Nutter at (541) 682-2525.

Sincerely,



Vicki Nutter
Housing And Community Services
Agency of Lane County

6/28/2016
Date

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

Board of Commissioners
Housing And Community Services Agency of Lane County
Eugene, Oregon

We have audited the basic financial statements of the Housing And Community Services Agency of Lane County ("HACSA"), a component unit of Lane County, Oregon and the aggregate discretely presented component units, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise HACSA's basic financial statements, and have issued our report thereon dated June 27, 2016.

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, and the Minimum Standards for Audits of Oregon Municipal Corporations. The financial statements of the discretely presented component units, except for Hawthorn-at-29th LLC, Munsel Park Limited Partnership, and Roosevelt Crossing Limited Partnership were not audited in accordance with Government Auditing Standards. This report does not include the results of testing of internal control over financial reporting or compliance and other matters that are reported on separately for Hawthorn-at-29th LLC, Munsel Park Limited Partnership, and Roosevelt Crossing Limited Partnership.

Compliance

As part of obtaining reasonable assurance about whether HACSA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions were not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).

In connection with our testing, nothing came to our attention that caused us to believe HACSA was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant, including the provisions of Oregon Revised Statutes as specified in OAR 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control over Financial Reporting

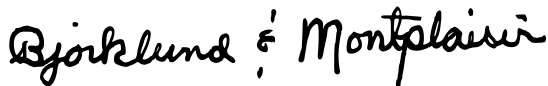
Management of HACSA is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered HACSA’s internal control over financial reporting to determine the auditing procedures for the purpose of expressing our opinion on financial reporting, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of HACSA’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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 deficiencies, significant deficiencies, or material weaknesses in internal control over financial reporting.

Purpose of this Report

This report is intended solely for the information and use of the Board of Commissioners, management of HACSA, and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.



Ronald Montplaisir, Partner
For Bjorklund & Montplaisir
Portland, Oregon
June 27, 2016