

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

**Financial Statements and Supplementary Information
for the year ended September 30, 2016 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, 2016

BOARD OF COMMISSIONERS

Pat Farr	125 E. 8 th Avenue Eugene, OR 97401
Jay Bozievich	125 E. 8 th Avenue Eugene, OR 97401
Gary Williams	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	177 Day Island Rd. Eugene, OR 97401
Dewanda McKinley	177 Day Island Rd. Eugene, OR 97401

ADMINISTRATION

Jacob Fox	Executive Director
Valerie Warner	Deputy Director
Jeff Bridgens	Finance Director

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, 2016, 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, 2016, 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 12 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 30, 2017, 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 30, 2017 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.



Ronald Montplaisir, Partner
For Bjorklund & Montplaisir
Portland, Oregon
June 30, 2017

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, 2016. Please read it in conjunction with the Agency's financial statements, which begin on page 13.

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, 2016, two such changes occurred. Sheldon Village I and Sheldon Village II were moved into the reporting entity when the limited partners withdrew and transferred ownership to HACSA and consequently the assets, liabilities, revenues and expenses of these reporting entities have been included in the blended component units for the September 30, 2016 report. Previously these entities were reported as a discretely presented component units. In our analysis of changes to financial indicators, the portion of each change that is related to Sheldon Village I and Sheldon Village II are identified so that significant changes related to ongoing activities can be observed.
- HACSA reported combined net position (assets less liabilities) of approximately \$53,500,000 as of September 30, 2016. This represents an increase of \$3,600,000 or 7% from the prior year net position. Approximately \$865,000 of this increase is attributable to the inclusion of Sheldon Village I and Sheldon Village II within the reporting entity.
- Total assets were approximately \$62,500,000 which was an increase of approximately \$3,700,000 or 6% from FY 2015.
- Total liabilities were approximately \$8,900,000 which was an increase of approximately \$153,000 or 2% from FY 2015.
- 27%, or approximately \$14,700,000, of combined net position was unrestricted and therefore had no constraints on future use. Unrestricted net position increased by approximately \$2,200,000, from the prior year.
- Total operating revenue for the year ended September 30, 2016 was approximately \$32,500,000, an increase of \$5,200,000 or 19% over the prior year. Approximately \$2,800,000 of this increase is attributable to increased housing assistance revenue. HACSA's also had increases in both other government grants and other revenue of approximately \$900,000 each respectively over the previous year. Increases attributable to other government grants and other revenue are from the HACSA's real estate development activities and weatherization programs. Revenues from Sheldon Village I and Sheldon Village II Limited Partnerships totaled approximately \$300,000.
- Operating excess was approximately \$1,400,000 for fiscal year 2016. In the prior year, total net operating loss was approximately \$700,000; an increase of approximately \$2,100,000.

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, 2016.

The basic financial statements for the fiscal year ended September 30, 2016, 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, Jacob's Lane Limited Partnership, Sheldon Village I Limited Partnership and Sheldon Village II Limited Partnership. The discretely presented component unit column includes five 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 Note 1 Summary of Significant Accounting Policies.

One of the 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 pertain to the primary government and exclude the discretely presented component units.

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, 2016. 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 measures the Agency's results and change in net position for a period of time; in this case the year ended September 30, 2016.

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 approximately \$53,500,000 at the close of the fiscal year. Net position increased by approximately \$3,600,000 over the prior year. As previously described \$856,000 of this increase is attributable the transfes of Sheldon Village I and Sheldon Village II limited partnerships into the reporting entity as blended component units. The following table provides a summary of HACSA's net position for 2016 compared to 2015.

TABLE 1
NET POSITION

	September 30,	
	2016	2015
Current Assets	\$ 11,643,556	\$ 9,458,249
Capital Assets	43,736,372	42,472,439
Other Assets	7,083,560	6,778,794
Total Assets	<u>62,463,488</u>	<u>58,709,482</u>
Current Liabilities	1,925,746	1,562,307
Non-Current Liabilities	7,013,761	7,223,933
Total Liabilities	<u>8,939,507</u>	<u>8,786,240</u>
Net Position:		
Net Investment in Capital Assets	35,526,396	35,360,196
Restricted Net Position	3,227,997	2,015,350
Unrestricted Net Position	14,769,588	12,547,696
Net Postion	<u>\$53,523,981</u>	<u>\$49,923,242</u>

The entity-wide increase in net position is the sum of the results of HACSA's various programs and from the transfer of Sheldon Village I and Sheldon Village II limited partnerships.

TABLE 2
CHANGES IN NET POSITION

	Year Ended September 30,	
	2016	2015
Operating Revenues		
Dwelling Rent	\$ 4,970,361	\$ 4,264,672
Housing Assistance Grants	19,715,368	16,892,417
HUD Operating Subsidies	3,368,152	3,489,926
Other Government Grants	2,580,483	1,701,608
Other Income	1,807,029	874,924
	<u>32,441,393</u>	<u>27,223,547</u>
Operating Expenses		
Housing Assistance Payments	16,734,149	15,440,833
Administration	5,649,070	5,209,619
Tenant Services	67,226	47,940
Utilities	875,876	906,729
Ordinary Maintenance	5,134,429	4,215,331
Protective Services	22,461	20,706
Insurance Premiums	197,580	196,565
Other General	482,322	299,692
Non-routine Maintenance	3,061	17,674
Depreciation	1,845,933	1,572,419
Total Operating Expenses	<u>31,012,107</u>	<u>27,927,508</u>
Operating Income (Loss)	1,429,286	(703,961)
Non-Operating		
Interest Income	213,618	245,730
Gain on Acquisition of Limited Partner Interests	-	1,456,139
Net Loss on Sale of Capital Assets	(172,952)	-
Gain on Loan Forgiveness	60,672	-
Impairment Loss	-	(230,000)
Equity in Loss of Limited Partnerships	(48)	(74)
HUD Capital Grants	878,757	367,202
Development Expense	-	33,094
Interest Expense	(226,542)	(225,963)
Increase in Net Position	<u>\$ 2,182,791</u>	<u>\$ 942,167</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 figures in the following table represent the historical cost of the capital assets. Note 8-Fixed Assets contained in the Notes to Financial Statements of this report provides more detailed information about capital asset activities of HACSA

During fiscal year 2016, there was an addition of approximately \$1,300,000 to capital assets for all categories combined, net of accumulated depreciation. The significant amounts by category include:

- *Land*: Land decreased by approximately \$640,000 due to the sale of land associated with The Oaks at 14th and Turtle Creek by HACSA.
- *Buildings and improvements*: Buildings and improvements increased by approximately \$9,000,000 of which \$8,500,000 is directly attributable to the inclusion of Sheldon Village I and Sheldon Village II limited partnerships coming into the reporting entity. Other major improvement projects for this classification of capital assets includes the reclassification of approximately \$500,000 from construction in progress to building improvements.
- *Furniture and equipment*: Furniture and equipment increased by approximately \$279,000 primarily the result of HACSA administrative purchases, reclassifications from construction in progress from capital fund activities and from the inclusion of Sheldon Village I and Sheldon Village II limited partnerships.
- *Construction in progress*: Construction in progress increased by approximately \$300,000 net of approximately \$500,000 transferred to buildings and improvements and \$100,000 transferred to furniture and equipment for 2016. The net increase in construction in progress was added for the following significant projects:
 - Maplewood Meadows: HVAC system
 - Creswell: ADA accessibility remodel
 - McKenzie Village: roof and gutter replacements
 - Pengra Court: concrete walk replacements
- *Accumulated depreciation*: Accumulated depreciation had an increase of \$7,700,000 of which approximately \$5,800,000 was attributable to Sheldon Village I and Sheldon Village II limited partnerships.

**TABLE 3
CAPITAL ASSETS**

	September 30,	
	2016	2015
Land	\$ 9,029,869	\$ 9,670,637
Buildings and improvements	77,720,825	68,714,888
Furniture and equipment	2,873,226	2,594,355
Construction in progress	744,195	447,565
Totals	90,368,115	81,427,445
Less: accumulated depreciation	(46,631,743)	(38,955,006)
Net Capital Assets	\$ 43,736,372	\$ 42,472,439

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. Note 9-Long-Term Liabilities contained in the Notes to Financial Statements of this report provides more detailed information about capital asset activities of HACSA

**TABLE 4
LONG-TERM DEBT**

	September 30,	
	2016	2015
Bonds, net of accretion of bond discount	\$ 345,000	\$ 423,170
Notes payable	<u>6,597,504</u>	<u>6,689,073</u>
Total	<u><u>\$ 6,942,504</u></u>	<u><u>\$ 7,112,243</u></u>

Long-term debt from bonds and notes totals approximately \$6,900,000 on September 30, 2016. This is a net decrease of approximately \$170,000 over the prior year's long-term debt total.

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.

**TABLE 5
BUDGET ALLOCATIONS FOR FISCAL YEAR 2017 PROGRAM REVENUES**

Section 8 Division	\$ 18,237,200
Housing Programs	10,720,577
Community Services Division	<u>5,285,724</u>
Total	<u><u>\$ 34,243,501</u></u>

HACSA's budget for the year ended September 30, 2016 was approved by the HACSA Board of Commissioners in September 2015. HACSA's budget is primarily supported by federal funds (71%), with the majority coming from the Department of Housing and Urban Development (94%). Consequently, HACSA is affected by Federal budget appropriations.

**TABLE 6
BUDGET ALLOCATIONS FOR FISCAL YEAR 2017 PROGRAM EXPENDITURES**

Section 8 Division	\$ 17,874,822
Housing Programs	10,492,376
Community Services Division	<u>5,156,167</u>
Total	<u><u>\$ 33,523,365</u></u>

HUD Programs and Funding

HACSA's three largest programs are Section 8 Housing Choice Vouchers (HCV), Housing Programs and Community Services. The HCV and the Public Housing portion of Housing programs are reliant on HUD funding. HACSA is affected more by Federal budget appropriations than by local economic conditions for funding and budgetary purposes. HUD did not implement any new methodologies with regard to funding for fiscal year 2017 however we expect there to be significant downward changes to the proration factors that are used to determine HACSA's federal funding. We expect proration factors of 77% and 85% for HACSA's Section 8 Housing Choice Vouchers Program and Housing Programs respectively. Overall management of HACSA estimates that at these proration levels there will be a combined reduction of 16% for 2017 in federal funding for these significant programs.

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 housing assistance payments and administrative fees. Both are partially based on voucher usage, which makes this metric important to HACSA's management.

Funding for the voucher program itself is dependent on voucher usage in the prior calendar year. The Section 8 Housing Choice Vouchers Program is based on voucher usage by qualified participants. Vouchers are available in the regular voucher program and in the program for veterans. Attrition from the program can be unpredictable and the lease-up rate for new voucher-holders also can be unpredictable and made difficult by tight rental market conditions or by high rents. HACSA began calendar 2016 with a voucher usage rate of 105% and managed a downward usage rate 95% by year end, resulting an average voucher usage rate of 102% for the year. Our goal is to manage attrition and new voucher issuance so that the combined average at year-end ranges from between 95% to 100%. Staffing numbers in the Section 8 program remained stable during the year and in 2016 HACSA made a significant investment in staff training in an effort to improve compliance with program regulations and administration of the program.

Housing Program

The Housing Program encompasses 707 units of Public Housing as well as an additional 418 units of affordable housing managed by HACSA. The Housing Program budget also reflects another 239 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.

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 resulted in operating grants exceeding budgeted amounts.

One of the important metrics that HACSA manages 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 make regular inspections of units so that damage upon vacancy is limited, maintenance staff puts units back in lease-up condition within 9 days (average) after vacancy and intake staff have waiting list members screened and ready to move into a unit within 5 days (average) from the date the unit is ready.

For the 239 units managed by third party property managers, the HACSA Asset Manager is responsible for monitoring performance.

Staffing numbers for the Housing program remained stable from 2015 to 2016. HACSA has made a significant investment in staff training for this program to improve compliance and consistency of policy and procedures among the various complexes throughout Lane County, Oregon.

Capital Fund Program - The Capital Fund Program activities are an integral 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>Capital Grant</u>	<u>Per Unit</u>
2010	1,256,000	1,777
2011	1,043,757	1,476
2012	961,540	1,360
2013	927,276	1,312
2014	965,384	1,365
2015	951,318	1,346
2016	894,675	1,265

Energy Performance Contracting (EPC) - Energy performance contracting is a financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. In May 2017, the HACSA Board authorized the Executive Director to negotiate a contract with Johnson Controls, Inc. (JCI), a third-party provider of energy performance services, and authorized JCI to send their EPC project proposal to the HUD Energy Office for review and approval.

Community Services

Other community services activities of HACSA include Development, Weatherization, and Other Community Services.

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 was completed during 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 was completed during the spring of 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, and permitting.

Rental Assistance Demonstration (RAD) - The Development staff is guiding the HUD 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 its scattered site housing and re-house the tenants with Section 8 vouchers. We expect the RAD project conversions to have a significant effect on HACSA programs and financial position over the coming years.

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 natural gas utilities. Weatherization related funding totaled \$1,900,000 during the fiscal year ended September 30, 2016. This was an increase from 2015 of approximately \$500,000. Weatherization activities in Oregon are monitored by Oregon Housing and Community Services.

Other Community Services

Resident Opportunity and Self-Sufficiency Programs—HACSA received funding for these programs to hire a program coordinator who links residents with training opportunities, job placement organizations, and local employers. These services are designed to enable participants to reduce or eliminate the need for assistance and make progress toward achieving economic independence and housing self-sufficiency. These programs received federal funding totaling approximately \$310,000 for the fiscal year ended September 30, 2016.

Administration

HACSA administration is comprised of executive, human resources, finance, information technology, general/maintenance, capital fund administration, building, and Board departments. Collectively, these departments form a Central Office Cost Center (COCC) for HACSA.

HACSA has been actively seeking to purchase real estate property to develop a new administrative building. HACSA would close its Day Island (Eugene) and Fairview Drive (Springfield) offices, and put all services and staff in one location. On June 28, 2017 the HACSA Board of Commissioners approved an order allowing HACSA to execute financing for the purchase of a new administrative building for \$3,750,000.

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.

TABLE 8
PUBLIC HOUSING ASSESSMENT SYSTEM
Fiscal Year 2016

<u>PHAS Indicators</u>	<u>Maximum Score</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Physical	40	36	37	37	38
Financial	25	23	23	0	16
Management	25	22	22	22	23
Capital Fund	10	10	10	10	10
PHAS Total Score	<u>100</u>	<u>91</u>	<u>92</u>	<u>69</u>	<u>87</u>

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 Jeffery Bridgens, Finance Director, Housing And Community Services Agency of Lane County, 177 Day Island Road, Eugene, OR, 97401; email: jbridgens@hacsa.us; telephone: (541) 682-2525.

BASIC FINANCIAL STATEMENTS

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,028,160	\$ 490,805
Restricted cash and cash equivalents	3,191,716	1,235,573
Short-term investments	2,482,818	-
Accounts receivable:		
HUD	245,086	206
Tenants	76,892	8,376
Other	1,394,427	40,432
Notes receivable	13,412	-
Inventories	78,731	-
Prepaid expenses	132,314	11,855
Total current assets	<u>11,643,556</u>	<u>1,787,247</u>
NONCURRENT ASSETS:		
Interest receivable	952,920	-
Notes receivable from component units and related parties	4,536,433	-
Investments in limited partnerships	792,642	-
Other	801,565	260,516
Capital assets:		
Nondepreciable	9,774,064	4,658,154
Depreciable	33,962,308	13,190,936
Total capital assets	<u>43,736,372</u>	<u>17,849,090</u>
Total noncurrent assets	<u>50,819,932</u>	<u>18,109,606</u>
Total assets	<u><u>\$ 62,463,488</u></u>	<u><u>\$ 19,896,853</u></u>

	Primary Government	Discretely Presented Component Units
LIABILITIES		
CURRENT LIABILITIES:		
Bank overdraft	\$ 16,114	\$ -
Accounts payable	478,689	823,054
Accrued payroll expenses	100,977	-
Other accrued liabilities	216,796	18,042
Accrued interest	19,126	11,274
Payable to HACSA	-	497,970
Refundable security deposits	435,439	56,373
Prepaid rent	25,857	8,877
Current portion of compensated absences	274,972	-
Current portion of bonds and notes payable	356,676	55,413
Total current liabilities	<u>1,924,646</u>	<u>1,471,003</u>
NONCURRENT LIABILITIES:		
Compensated absences, net of current portion	120,652	-
Bonds and notes payable, net of current portion	6,585,828	5,209,314
Notes payable - HACSA	-	4,154,281
Family self sufficiency escrow	308,381	-
Payable to HACSA	-	150,203
Accrued interest - HACSA	-	864,105
Total noncurrent liabilities	<u>7,014,861</u>	<u>10,377,903</u>
Total liabilities	<u>8,939,507</u>	<u>11,848,906</u>
NET POSITION:		
Net investment in capital assets	35,526,397	12,584,363
Restricted	3,227,997	1,179,200
Unrestricted	14,769,587	(5,715,616)
Net position	<u>53,523,981</u>	<u>8,047,947</u>
Total liabilities and net position	<u>\$ 62,463,488</u>	<u>\$ 19,896,853</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, 2016

	Primary Government	Discretely Presented Component Units
OPERATING REVENUES:		
Dwelling rent	\$ 4,970,361	\$ 901,884
Housing assistance grants	19,715,368	-
HUD operating subsidies	3,368,152	-
Other government grants	3,029,141	50,764
Other income	1,358,371	14,066
Total operating revenues	32,441,393	966,714
OPERATING EXPENSES:		
Housing assistance payments	16,734,149	-
Administration	5,595,200	245,842
Tenant services	67,226	-
Utilities	875,876	158,379
Ordinary maintenance	5,188,299	217,992
Protection services	22,461	-
Insurance premiums	197,580	20,235
Other general	482,322	-
Non-routine maintenance	3,061	-
Depreciation	1,845,933	598,324
Total operating expenses	31,012,107	1,240,772
OPERATING INCOME (LOSS)	1,429,286	(274,058)
NONOPERATING REVENUES (EXPENSES):		
Equity in income (loss) of limited partnerships	(48)	-
Gain on loan forgiveness	60,672	-
Net gain (loss) on sale of assets	(172,952)	-
Other nonoperating expenses	-	(102,339)
Interest income	213,618	1,064
Interest expense	(226,542)	(179,834)
Total nonoperating revenues (expenses)	(125,252)	(281,109)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,304,034	(555,167)
CAPITAL CONTRIBUTIONS:		
HUD capital grants	878,757	-
Limited partner contributions	-	1,351,357
Total capital contributions	878,757	1,351,357
Increase in net position	2,182,791	796,190
Net position - Beginning of the year	49,923,063	10,271,455
Change in reporting entity	856,574	(3,019,698)
Other prior period adjustments	561,553	-
Net position - End of the year	\$ 53,523,981	\$ 8,047,947

See notes to the financial statements.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from HUD grants	\$ 23,083,520
Receipts from state, local and other grants	2,988,560
Receipts from tenants and landlords	4,974,479
Receipts from developer fees	261,029
Receipts from others	119,686
Housing assistant payments	(16,734,149)
Payments to and on behalf of employees	(6,870,748)
Payments to vendors, contractors and others	<u>(5,130,218)</u>
Net cash provided by operating activities	<u>2,692,159</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from bonds and notes payable	24,956
Interest paid on bonds and notes payable	(244,215)
Principal payments on bonds and notes payable	(686,767)
HUD capital and grants received	948,926
Acquisition and construction of capital assets	(1,375,617)
Proceeds from sale of assets	555,532
Change in predevelopment costs	<u>79,343</u>
Net cash used in capital and related financing activities	<u>(697,842)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Changes in investments	(7,979)
Advances to component units	(1,079,850)
Collection on notes receivable from component unit and related party	74,885
Interest income received	<u>60,735</u>
Net cash used in investing activities	<u>(952,209)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,042,108
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>6,177,768</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 7,219,876</u></u>
CASH AND CASH EQUIVALENTS	
Unrestricted cash	\$ 4,028,160
Restricted cash	<u>3,191,716</u>
	<u><u>\$ 7,219,876</u></u>

(Continued)

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Primary Government</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,429,286
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,845,933
(Increase) decrease in:	
Receivables	(1,032,897)
Prepaid expenses	129,056
Inventories	3,050
Increase in:	
Accounts payable and other accrued liabilities	252,831
Prepaid rent	18,778
Refundable security deposits	7,558
Family self sufficiency escrow	<u>38,564</u>
Net cash provided by operating activities	<u>\$ 2,692,159</u>
	(Concluded)

See notes to the financial statements.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

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 is a discrete component unit of Lane County, Oregon.

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 either HACSA’s ability to impose its will on the organization or 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 financial data from these entities are combined with the financial 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, 2016:

	<u>Number of Units</u>	<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”)	63	Eugene, Oregon
• Sheldon Village I Limited Partnership (“Sheldon Village I”)	43	Eugene, Oregon
• Sheldon Village II Limited Partnership (“Sheldon Village II”)	<u>35</u>	Eugene, Oregon
	<u>239</u>	

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Housing Plus 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 an 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, Laurel Gardens, and Jacob’s Lane were assigned to HACSA Partner LLC in a prior year. The limited partnership interest in Sheldon Village I and II were assigned to HACSA Partner LLC on August 31, 2016. The financial statements for Sheldon Village I and II have been retroactively included as a blended component unit for the year ended September 30, 2016. 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, 2015 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
• Munsel Park Limited Partnership	11/14/00	44	Florence, Oregon
• Turtle Creek Apartments LP	02/13/07	27	Eugene, Oregon
• Bascom Village II LLC (“Bascom Village II”)	03/10/15	<u>48</u>	Eugene, Oregon
		<u>217</u>	

Bascom Village II LLC was formed on March 10, 2015 to develop a 48-unit multifamily housing project located in Eugene, Oregon. Construction commenced in August 2015 and was completed in November 2016.

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, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-wide and Fund Financial Statements - The government-wide financial statements (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 (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, 2016

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, 2016, HACSA administered approximately 37,428 vouchers including 2,184 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 6 additional limited partnerships, multifamily properties, with a total of 239 units. HACSA is either general partner or managing member in another 6 limited partnerships/limited liability corporations, with a total of 217 units. Of the 1,581 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.
 - 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, 2016

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, 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.
 - *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.
 - *Richardson Bridge* - In December 2016, OHCS announced that the Agency had successfully been awarded a 9% tax credit allocation for rehabilitation of Richardson Bridge, a 36-unit affordable multifamily housing project. The project is expected to be sold to the tax credit partnership and construction is expected to commence in July 2017.
 - *The-Oaks-at-14th* - The construction of a 54-unit affordable multi-family project pursuant to Section 42 of the Internal Revenue Code was commenced in April 2016 and completed in April 2017.

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 there are no funds that 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. Tenant accounts receivable for the Primary Government are net of an allowance for doubtful accounts of \$11,954.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 under HUD's Asset Management model.

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.

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.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 was being examined by the Internal Revenue Service and was accepted as filed. No other returns are currently being examined by the Internal Revenue Service, however, tax years since 2013 remain open and subject to examination.

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 concluded that there was no OPEB as of September 30, 2016.

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.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

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. 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.

2. CASH AND CASH EQUIVALENTS

Total cash and cash equivalents at September 30, 2016 were \$7,219,876, of which \$4,028,160 was unrestricted and \$3,191,716 was restricted. Restricted cash and cash equivalents at September 30, 2016 include the following:

Family self-sufficiency program reserves	\$ 298,369
Replacement reserves	1,912,179
Residual receipts reserves	10,356
Mortgage escrow deposits	32,148
Tenant security deposits	444,914
Bond reserves	268,290
Operating reserves	<u>225,460</u>
Total restricted cash and cash equivalent	<u>\$3,191,716</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.

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.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

2. CASH AND CASH EQUIVALENTS - Continued

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, 2016 consist the following:

	<u>Balance</u>
Oregon Treasurer's Local Government Investment Pool (LGIP), Not Rated	\$ 643,535
Federal Home Loan Bank Discount Note, coupon rate 1.625%, maturity date 12/09/16, Moody/S&P rating AAA/AA+	801,872
Federal Home Loan Bank Discount Note, coupon rate 0.000%, maturity date 03/27/17, Moody/S&P Not Rated	1,037,049
Cash	<u>362</u>
Total investments – short-term	<u><u>\$2,482,818</u></u>

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.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

3. INVESTMENTS - Continued

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, 2016, 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, 2016, none of HACSA's investments are exposed to custodial credit risk.

4. FAIR VALUE MEASUREMENT

HACSA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

HACSA has the following recurring fair value measurements as of September 30, 2016:

- Federal Home Loan Bank Discount Notes of \$1,838,921 were valued using the latest bid prices or based on a matrix system which considers such factors as security prices, yields, maturities, and ratings. (Level 1 inputs).

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. 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.

5. 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 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, 2016

5. **ACCOUNTS RECEIVABLES - Continued**

Other Receivables at September 30, 2016 include the following:

Other government grants	\$ 383,149
Receivables from component unit	613,060
Other receivables	<u>398,218</u>
	<u>\$1,394,427</u>

The receivable from component unit is the development fee receivable from Bascom Village II.

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

Fraud Recovery – HACSA has recorded accounts receivable of \$272,266 at September 30, 2016 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, 2016.

6. **INVESTMENT IN LIMITED PARTNERSHIPS**

Investments in affiliated limited partnerships as of September 30, 2016 include the following:

Hawthorn-at-29th LLC (“Hawthorn-at-29 th ”)	\$ 89
New Winds Apartments Limited Partnership (“New Winds”)	3
Roosevelt Crossing Limited Partnership (“Roosevelt Crossing”)	803,081
Munsel Park Limited Partnership (“Munsel Park”)	(10,496)
Turtle Creek Limited Partnership (“Turtle Creek”)	<u>(35)</u>
Total	<u>\$792,642</u>

7. **RELATED PARTIES**

Notes and interest receivable as of September 30, 2016 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%	\$ 739,589	\$ 62,303	\$ 55,684
New Winds	08/01/47	3.25% - 5.15%	876,611	314,602	39,570
Munsel Park	12/31/39	1.50%	770,726	68,906	12,408
Turtle Creek	11/01/47	5.01%	867,000	507,109	65,877
Bascom Village II	08/30/45	1-2.82%	829,196	-	-
The Oaks-at-14th	08/30/46	3.00%	<u>448,658</u>	<u>-</u>	<u>-</u>
Total limited partnerships			4,531,780	952,920	<u>\$ 173,539</u>
Sponsors, Inc. (administrative partner in Roosevelt Crossing)			<u>4,653</u>	<u>-</u>	
			<u>\$ 4,536,433</u>	<u>\$ 952,920</u>	

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

7. **RELATED PARTIES** - Continued

Other receivable (payable) balances due from (to) the affiliated limited partnerships as of September 30, 2016 are included in non-current other assets as follows:

	Operating Advance	Development Advance	Developer Fee Receivable	Partnership Management Fee Receivable	Total Receivable
Hawthorn-at-29th	\$ -	\$ (22,626)	\$ -	\$ -	\$ (22,626)
New Winds	908	-	87,263	39,375	127,546
Roosevelt Crossing	-	(17,803)	-	15,052	(2,751)
Munsel Park	-	60,300	-	213,920	274,220
Turtle Creek	3	-	-	14,000	14,003
Bascom Village II	-	133,420	-	-	133,420
The Oaks-at-14th	-	26,229	-	-	26,229
	<u>\$ 911</u>	<u>\$ 179,520</u>	<u>\$ 87,263</u>	<u>\$ 282,347</u>	<u>\$ 550,041</u>

Fees earned from the affiliated limited partnerships for the year ended September 30, 2016 are as follows:

	Development Fee	Partnership Management Fee	Total
New Winds	\$ -	\$ 4,500	\$ 4,500
Roosevelt Crossing	-	7,112	7,112
Munsel Park	-	21,231	21,231
Turtle Creek	-	8,000	8,000
Bascom Village II	613,060	-	613,060
The Oaks-at-14th	261,029	-	261,029
	<u>\$ 874,089</u>	<u>\$ 40,843</u>	<u>\$ 914,932</u>

Development fees and partnership management fee income is included in other income in the Statement of Revenues, Expenses and Changes in Net Position.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

7. 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, 2016, 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 December 31, 2016. On January 17, 2017, HACSA entered into a new lease agreement with ColumbiaCare Services Inc. that provides for rent of \$8,381 per month over a one year term ending December 31, 2017.

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, 2016, the lease was renewed for a one year period at an annual rental rate of \$59,742. 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, 2016 are as follows:

Land	\$ 403,815
Building and improvements	2,265,758
Equipment	<u>73,011</u>
Total carrying amount	2,742,584
Accumulated amortization	<u>(665,902)</u>
Net	<u>\$2,076,682</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

8. 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, 2016:

	As Restated Balance September 30, 2015	Increases	Decreases	Transfers	Balance September 30, 2016
Capital assets not being depreciated:					
Land	\$ 9,670,637	\$ 23,400	\$(625,718)	\$ (38,450)	\$ 9,029,869
Construction in progress	447,565	889,823		(593,193)	744,195
Total capital assets not being depreciated	<u>10,118,202</u>	<u>913,223</u>	<u>(625,718)</u>	<u>(631,643)</u>	<u>9,774,064</u>
Capital assets being depreciated:					
Building and improvements	76,804,406	362,465	-	553,954	77,720,825
Furniture and equipment	2,695,608	99,929	-	77,689	2,873,226
Total capital assets being depreciated	<u>79,500,014</u>	<u>462,394</u>	<u>-</u>	<u>631,643</u>	<u>80,594,051</u>
Less accumulated depreciation:					
Buildings and improvements	(42,323,390)	(1,771,757)	-	-	(44,095,147)
Furniture and equipment	(2,462,420)	(74,176)	-	-	(2,536,596)
Total accumulated depreciation	<u>(44,785,810)</u>	<u>(1,845,933)</u>	<u>-</u>	<u>-</u>	<u>(46,631,743)</u>
Total capital assets being depreciated, net	<u>34,714,204</u>	<u>(1,383,539)</u>	<u>-</u>	<u>631,643</u>	<u>33,962,308</u>
Total capital assets, net	<u>\$ 44,832,406</u>	<u>\$ (470,316)</u>	<u>\$(625,718)</u>	<u>\$ -</u>	<u>\$ 43,736,372</u>

Depreciation expense was charged to functions as follows:

Public Housing	\$ 649,832
Affordable housing and special needs housing	534,844
Blended component units	639,163
COCC	22,094
	<u>\$ 1,845,933</u>

The Agency had contemplated the development of Turtle Creek Houses on the sites donated from the City of Eugene in a prior year. However, the Agency decided to abandon the project due to lack of economic feasibility and sold the development sites to a third party for \$700,000 on August 8, 2016. In accordance with the agreement with City of Eugene, the Agency returned \$507,329 of sales proceeds to the City of Eugene. The remaining proceeds of \$148,532, net of costs of sales, were used to recover predevelopment costs accumulated to date. As a result of this transaction, the Agency recorded a net loss from sale of assets of \$172,952.

On August 2016, the Agency sold the land on which The Oaks at 14th is being developed to Oaks at 14th LLC for \$407,000. No gain or loss resulted from this transaction.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

DEBT FOOTNOTE YEAR ENDED SEPTEMBER 30, 2016

9. 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	As Restated Balance 09/30/15	Additions	Retirements	Balance 09/30/16	Current Portion
BONDS PAYABLE:								
Firwood Apartments Series A	6.700%	\$ 8,685	11/01/20	\$ 385,000	\$ -	\$ 55,000	\$ 330,000	\$ 60,000
Firwood Apartments Series B	6.700%	1,418	11/01/20	40,000	-	25,000	15,000	15,000
Unamortized bond discount	-	-	-	(1,830)	-	(1,830)	-	-
Total bonds payable				<u>423,170</u>	<u>-</u>	<u>78,170</u>	<u>345,000</u>	<u>75,000</u>
NOTES PAYABLE:								
State of Oregon:								
Heeran Center	3.690%	6,206	09/15/28	724,274	24,412	27,577	721,109	48,675
Heeran Center - forgivable loan	-	-	11/17/40	860,446	-	60,672	799,774	33,094
City of Eugene:								
Abbie Lane Apartments	2.000%	1,845	04/01/34	331,178	-	15,900	315,278	15,950
Firwood Apartments	3.250%	240	08/01/21	88,541	-	5,415	83,126	9,458
Firwood Apartments	2.000%	343	01/01/29	205,838	-	6,498	199,340	11,240
Fourteen Pines Apartments	3.500%	3,368	07/01/15	-	-	-	-	-
Signpost House	5.000%	926	02/01/32	31,124	-	9,828	21,296	10,237
Orchards	-	-	N/A	111,001	-	-	111,001	-
USDA Rural Development:								
Camas Apartments - 1	6.875%	992	09/01/35	285,136	-	7,421	277,715	7,357
Camas Apartments 2	6.875%	592	11/01/32	150,122	-	5,115	145,007	5,071
Norsemen Village Apartments - 7	4.000%	357	05/11/44	166,894	-	1,243	165,651	1,196
Norsemen Village Apartments - 8	4.000%	709	05/11/44	331,229	-	2,467	328,762	2,374
Norsemen Village Apartments - 9	4.000%	561	05/11/44	262,331	-	1,954	260,377	1,880
Norsemen Village Apartments - 10	4.000%	2,669	05/11/44	1,065,354	-	15,994	1,049,360	16,645
Charitable Remainder Unitrust-								
Firwood Apartments	5.000%	2,087	03/01/25	189,081	-	15,951	173,130	16,768
Umpqua Bank:								
Family Shelter	7.750%	990	06/01/17	18,293	-	10,799	7,494	7,494
Walnut Park	6.150%	4,528	03/01/26	345,659	-	22,966	322,693	21,454
JPMorgan Chase:								
Laurel Gardens	4.930%	2,496	02/01/28	277,268	-	16,660	260,608	17,500
Orchards	6.040%	2,510	10/01/26	387,918	-	6,881	381,037	7,382
Banner Bank:								
The Oaks-at-14th	4.000%	500	03/01/18	397,000	544	397,544	-	-
Sheldon I	3.890%	1,936	07/01/32	283,615	-	9,271	274,344	12,789
Sheldon II	3.750%	1,727	12/01/33	270,959	-	8,024	262,935	11,052
Bank of America:								
Jacob's Lane	3.830%	2,338	11/01/29	306,428	-	16,613	289,815	17,261
Jacob's Lane	7.580%	1,480	11/01/29	153,958	-	6,306	147,652	6,799
Total notes payable				<u>7,243,647</u>	<u>24,956</u>	<u>671,099</u>	<u>6,597,504</u>	<u>281,676</u>
Total long-term debt				<u>\$7,666,817</u>	<u>\$ 24,956</u>	<u>\$749,269</u>	<u>\$ 6,942,504</u>	<u>\$ 356,676</u>
Long-term portion							<u>\$ 6,585,828</u>	

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

9. LONG-TERM LIABILITIES – Continued

The bonds and notes payable are collateralized by capital assets owned by the entities listed for each individual obligation except for a note payable to a 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.

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 215 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 is remitted to RD as additional interest.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

9. **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 increased 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, 2016 are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 356,678	\$ 225,276
2018	343,095	217,255
2019	349,061	202,896
2020	367,035	185,095
2021	418,807	165,982
2022-2026	1,676,767	570,185
2027-2031	1,446,577	113,275
2032-2036	594,470	975
2037-2041	404,270	(8,606)
2042-2046	<u>985,745</u>	<u>(27,894)</u>
Total	<u>\$6,942,505</u>	<u>\$1,644,439</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:

	As Restated			Balance	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>09/30/16</u>	<u>One Year</u>
	<u>09/30/15</u>				
Compensated absences	\$ 376,189	\$ 532,744	\$ 513,309	\$ 395,624	\$ 274,972
Bonds payable	496,178	-	78,170	418,008	75,000
Loans payable	<u>6,952,081</u>	<u>-</u>	<u>671,099</u>	<u>6,280,982</u>	<u>281,676</u>
	<u>\$7,824,448</u>	<u>\$ 532,744</u>	<u>\$1,262,578</u>	<u>\$7,094,614</u>	<u>\$ 631,648</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

10. 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.

11. 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.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

12. **CONCENTRATIONS**

For the year ended September 30, 2016, approximately 71% 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.

13. **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 terms of the defined contribution plan may be amended by the HACSA Board. The employer contributions for the year ended September 30, 2016 were \$458,200.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

14. CONDENSED FINANCIAL STATEMENTS OF BLENDED COMPONENT UNITS

CONDENSED STATEMENT OF NET POSITION

	Walnut Park	Orchards	Laurel Gardens	Jacobs Lane	Sheldon Village I	Sheldon Village II	Housing Plus	Total
Assets:								
Current assets	\$ 36,326	\$ 45,218	\$ 63,318	\$ 82,259	\$ 70,803	\$ 62,864	\$ 640	\$ 361,428
Tenant security deposits	23,412	17,464	21,629	28,340	18,745	19,170	-	128,760
Other restricted deposits	97,182	70,626	141,584	265,851	238,400	173,883	-	987,526
Capital assets - net	675,953	738,669	454,656	2,170,791	1,141,704	984,382	-	6,166,155
Total assets	832,873	871,977	681,187	2,547,241	1,469,652	1,240,299	640	7,643,869
Liabilities:								
Current liabilities	108,232	176,679	51,832	139,154	452,799	265,423	10,014	1,204,133
Noncurrent liabilities	301,238	484,657	243,107	905,883	645,750	642,688	-	3,223,323
Total liabilities	409,470	661,336	294,939	1,045,037	1,098,549	908,111	10,014	4,427,456
Net Position:								
Net investment in capital assets	353,262	246,630	194,049	1,240,848	483,165	330,642	-	2,848,596
Restricted	97,182	70,626	141,584	265,851	238,400	173,883	-	987,526
Unrestricted	(27,041)	(106,615)	50,615	(4,495)	(350,462)	(172,337)	(9,374)	(619,709)
Total net position	\$ 423,403	\$ 210,641	\$ 386,248	\$ 1,502,204	\$ 371,103	\$ 332,188	\$ (9,374)	\$ 3,216,413

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

14. **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	Sheldon Village I	Sheldon Village II	Housing Plus	Total
Revenues - Rental income	\$ 168,411	\$ 159,235	\$ 165,180	\$ 289,836	\$ 180,882	\$ 143,662	\$ -	\$ 1,107,206
Other income	9,047	2,148	8,775	10,381	5,684	5,650	-	41,685
Total operating revenue	<u>177,458</u>	<u>161,383</u>	<u>173,955</u>	<u>300,217</u>	<u>186,566</u>	<u>149,312</u>	<u>-</u>	<u>1,148,891</u>
Expenses:								
Operating expenses	141,093	154,864	155,627	278,043	139,162	124,241	631	993,661
Depreciation and amortization	83,175	73,092	67,082	174,769	140,776	100,269	-	639,163
Total operating expenses	<u>224,268</u>	<u>227,956</u>	<u>222,709</u>	<u>452,812</u>	<u>279,938</u>	<u>224,510</u>	<u>631</u>	<u>1,632,824</u>
Operating loss	<u>(46,810)</u>	<u>(66,573)</u>	<u>(48,754)</u>	<u>(152,595)</u>	<u>(93,372)</u>	<u>(75,198)</u>	<u>(631)</u>	<u>(483,933)</u>
Nonoperating revenue (expense):								
Interest income	68	117	242	195	267	202	-	1,091
Interest expense	(24,706)	(23,207)	(13,228)	(49,444)	(36,973)	(29,712)	-	(177,270)
Total nonoperating revenue (expense)	<u>(24,638)</u>	<u>(23,090)</u>	<u>(12,986)</u>	<u>(49,249)</u>	<u>(36,706)</u>	<u>(29,510)</u>	<u>-</u>	<u>(176,179)</u>
Change in net position	<u>(71,448)</u>	<u>(89,663)</u>	<u>(61,740)</u>	<u>(201,844)</u>	<u>(130,078)</u>	<u>(104,708)</u>	<u>(631)</u>	<u>(660,112)</u>
Net position September 30, 2015	494,851	300,304	461,818	1,688,001	-	-	(8,743)	2,936,231
Capital contributions	-	-	-	16,047	-	-	-	16,047
Capital distributions	-	-	(13,830)	-	-	-	-	(13,830)
Change in reporting entity	-	-	-	-	690,727	598,847	-	1,289,574
Other prior period adjustments	-	-	-	-	(189,546)	(161,951)	-	(351,497)
Net position September 30, 2016	<u>\$ 423,403</u>	<u>\$ 210,641</u>	<u>\$ 386,248</u>	<u>\$ 1,502,204</u>	<u>\$ 371,103</u>	<u>\$ 332,188</u>	<u>\$ (9,374)</u>	<u>\$ 3,216,413</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2016

14. **CONDENSED FINANCIAL STATEMENTS OF BLENDED COMPONENT UNITS - Continued**

CONDENSED STATEMENT OF CASH FLOWS

	Walnut Park	Orchards	Laurel Gardens	Jacobs Lane	Sheldon Village I	Sheldon Village II	Housing Plus	Total
Net cash provided by:								
Operating activities	\$ 15,350	\$ (25,299)	\$ 15,620	\$ 906	\$ 42,996	\$ 17,042	\$ -	\$ 66,615
Noncapital financing activities	-	-	(13,830)	16,047	-	-	-	2,217
Capital and related financing activities	(22,966)	(6,881)	(16,660)	(31,029)	(9,271)	(8,024)	-	(94,831)
Net increase (decrease)	(7,616)	(32,180)	(14,870)	(14,076)	33,725	9,018	-	(25,999)
Cash - beginning of year	158,909	154,681	237,143	376,167	287,288	241,875	-	1,456,063
Cash - end of year	<u>\$ 151,293</u>	<u>\$ 122,501</u>	<u>\$ 222,273</u>	<u>\$ 362,091</u>	<u>\$ 321,013</u>	<u>\$ 250,893</u>	<u>\$ -</u>	<u>\$ 1,430,064</u>
Cash								
Unrestricted	\$ 30,699	34,411	\$ 59,060	\$ 67,900	\$ 63,868	\$ 57,839	\$ -	\$ 313,777
Restricted	120,594	88,090	163,213	294,191	257,145	193,054	-	1,116,287
	<u>\$ 151,293</u>	<u>\$ 122,501</u>	<u>\$ 222,273</u>	<u>\$ 362,091</u>	<u>\$ 321,013</u>	<u>\$ 250,893</u>	<u>\$ -</u>	<u>\$ 1,430,064</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016

15. DISCRETELY PRESENTED COMPONENT UNITS - Continued

Combining financial information for the discretely presented component units at December 31, 2015 is as follows:

	Hawthorn- at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Bascom Village II	Total
ASSETS									
Current assets									
Cash and cash equivalents	\$ 150,160	\$ 24,532	\$ 15,596	\$ -	\$ -	\$ 17,122	\$ 31,843	\$ 251,552	\$ 490,805
Accounts receivable:									
Tenants	1,823	-	4,733	-	-	1,130	690	-	8,376
HUD	206	-	-	-	-	-	-	-	206
Others	22,628	-	17,804	-	-	-	-	-	40,432
Prepaid expenses	2,683	2,086	1,588	-	-	3,495	2,003	-	11,855
Tenant deposits held in trust	6,754	6,704	5,136	-	-	15,332	22,467	-	56,393
Restricted deposits	365,011	91,875	375,593	-	-	208,629	138,072	-	1,179,180
Total current assets	<u>549,265</u>	<u>125,197</u>	<u>420,450</u>	<u>-</u>	<u>-</u>	<u>245,708</u>	<u>195,075</u>	<u>251,552</u>	<u>1,787,247</u>
Noncurrent assets									
Capital assets									
Nondepreciable	418,014	116,026	641,454	-	-	120,000	201,414	3,161,246	4,658,154
Depreciable	3,626,035	1,688,613	4,332,234	-	-	1,053,480	2,490,574	-	13,190,936
Total capital assets	<u>4,044,049</u>	<u>1,804,639</u>	<u>4,973,688</u>	<u>-</u>	<u>-</u>	<u>1,173,480</u>	<u>2,691,988</u>	<u>3,161,246</u>	<u>17,849,090</u>
Other assets	25,265	4,530	134,779	-	-	728	16,678	78,536	260,516
Total noncurrent assets	<u>4,069,314</u>	<u>1,809,169</u>	<u>5,108,467</u>	<u>-</u>	<u>-</u>	<u>1,174,208</u>	<u>2,708,666</u>	<u>3,239,782</u>	<u>18,109,606</u>
Total assets	<u>\$ 4,618,579</u>	<u>\$ 1,934,366</u>	<u>\$ 5,528,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419,916</u>	<u>\$ 2,903,741</u>	<u>\$ 3,491,334</u>	<u>\$ 19,896,853</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

	Hawthorn- at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Bascom Village II	Total
LIABILITIES									
Current liabilities									
Accounts payable	\$ 9,598	\$ 3,030	\$ -	\$ -	\$ -	\$ 6,374	\$ 4,199	\$ 799,853	\$ 823,054
Accrued interest	3,871	-	-	-	-	1,530	-	5,873	11,274
Due to HACSA	-	36,908	9,679	-	-	197,880	-	253,503	497,970
Due to other related parties	-	2,534	2,898	-	-	2,076	10,534	-	18,042
Prepaid rents	5,505	1,245	1,010	-	-	8	1,109	-	8,877
Refundable security deposits	6,735	6,704	5,135	-	-	15,332	22,467	-	56,373
Current portion of mortgages payable	31,632	-	-	-	-	15,566	8,215	-	55,413
Total current liabilities	<u>57,341</u>	<u>50,421</u>	<u>18,722</u>	<u>-</u>	<u>-</u>	<u>238,766</u>	<u>46,524</u>	<u>1,059,229</u>	<u>1,471,003</u>
Noncurrent liabilities									
Mortgages payable	1,092,089	-	3,137,976	-	-	451,395	276,302	251,552	5,209,314
Notes payable - HACSA	810,748	876,611	-	-	-	770,726	867,000	829,196	4,154,281
Accrued interest - HACSA	66,281	284,670	-	-	-	59,565	453,589	-	864,105
Developer fee payable - HACSA	-	91,433	-	-	-	-	-	-	91,433
Due to HACSA	-	-	-	-	-	58,770	-	-	58,770
Total noncurrent liabilities	<u>1,969,118</u>	<u>1,252,714</u>	<u>3,137,976</u>	<u>-</u>	<u>-</u>	<u>1,340,456</u>	<u>1,596,891</u>	<u>1,080,748</u>	<u>10,377,903</u>
Total liabilities	<u>2,026,459</u>	<u>1,303,135</u>	<u>3,156,698</u>	<u>-</u>	<u>-</u>	<u>1,579,222</u>	<u>1,643,415</u>	<u>2,139,977</u>	<u>11,848,906</u>
NET POSITION									
Net investment in capital assets	2,920,328	1,804,639	1,835,712	-	-	706,519	2,407,471	2,909,694	12,584,363
Restricted	365,030	91,875	375,594	-	-	208,629	138,072	-	1,179,200
Unrestricted	(693,238)	(1,265,283)	160,913	-	-	(1,074,454)	(1,285,217)	(1,558,337)	(5,715,616)
Total net position	<u>2,592,120</u>	<u>631,231</u>	<u>2,372,219</u>	<u>-</u>	<u>-</u>	<u>(159,306)</u>	<u>1,260,326</u>	<u>1,351,357</u>	<u>8,047,947</u>
Total liabilities and net position	<u>\$4,618,579</u>	<u>\$1,934,366</u>	<u>\$5,528,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,419,916</u>	<u>\$2,903,741</u>	<u>\$3,491,334</u>	<u>\$19,896,853</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016**

15. DISCRETELY PRESENTED COMPONENT UNITS - Continued

	Hawthorn- at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Bascom Village II	Total
OPERATING REVENUES									
Rental revenue	\$ 312,262	\$ 103,301	\$ 79,723	\$ -	\$ -	\$ 247,752	\$ 158,846	\$ -	\$ 901,884
Grant income	-	-	50,764	-	-	-	-	-	50,764
Other rental income	5,154	2,606	-	-	-	3,556	2,750	-	14,066
Total revenues	317,416	105,907	130,487	-	-	251,308	161,596	-	966,714
OPERATING EXPENSES									
Administrative	54,827	46,426	39,923	-	-	65,108	39,558	-	245,842
Utilities	19,341	14,356	42,129	-	-	47,304	35,249	-	158,379
Operations and maintenance	33,635	63,702	9,850	-	-	80,202	30,603	-	217,992
Depreciation and amortization	102,443	98,397	166,507	-	-	79,380	151,597	-	598,324
Taxes and insurance	2,880	7,418	2,842	-	-	4,121	2,974	-	20,235
Total operating expenses	213,126	230,299	261,251	-	-	276,115	259,981	-	1,240,772
OPERATING INCOME (LOSS)	104,290	(124,392)	(130,764)	-	-	(24,807)	(98,385)	-	(274,058)
NONOPERATING REVENUES (EXPENSES)									
Interest income	229	24	546	-	-	71	194	-	1,064
Interest expenses	(46,475)	(38,551)	-	-	-	(20,795)	(74,013)	-	(179,834)
Other nonoperating expenses	(52,077)	(7,034)	(9,854)	-	-	(22,840)	(10,534)	-	(102,339)
Total nonoperating revenues (expenses)	(98,323)	(45,561)	(9,308)	-	-	(43,564)	(84,353)	-	(281,109)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS									
Capital contributions	5,967	(169,953)	(140,072)	-	-	(68,371)	(182,738)	-	(555,167)
Change in net position	-	-	-	-	-	-	-	1,351,357	1,351,357
Net position at beginning of the year	5,967	(169,953)	(140,072)	-	-	(68,371)	(182,738)	1,351,357	796,190
Change in reporting entity	2,586,153	801,184	2,512,291	1,679,482	1,340,216	(90,935)	1,443,064	-	10,271,455
Net position at end of the year	-	-	-	(1,679,482)	(1,340,216)	-	-	-	(3,019,698)
Net position at end of the year	<u>\$ 2,592,120</u>	<u>\$ 631,231</u>	<u>\$2,372,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (159,306)</u>	<u>\$1,260,326</u>	<u>\$1,351,357</u>	<u>\$ 8,047,947</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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

	<u>Interest Rates</u>	<u>Monthly Payment</u>	<u>Maturity</u>	<u>Balance 12/31/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/15</u>	<u>Current Portion</u>
MORTGAGES PAYABLE:								
Hawthorn-at-29th LLC								
Banner Bank	4.000%	6,385	01/10/33	\$ 1,153,762		\$ 30,041	\$ 1,123,721	\$ 31,632
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	-
Munsel Park Apartments Limited Partnership								
USDA Rural Development***	6.000%	1,146	06/16/33	153,415	-	4,670	148,745	4,959
USDA Rural Development***	6.000%	2,201	06/16/33	294,698	-	8,972	285,726	9,524
USDA Rural Development***	6.000%	250	06/16/33	33,510	-	1,020	32,490	1,083
Turtle Creek Limited Partnership								
Banner Bank	3.320%	1,461	04/01/39	292,464	-	7,947	284,517	8,215
Bascom Village II LLC								
Wells Fargo - Construction Loan****	Various	-	08/01/17	251,552	-	-	251,552	-
Total long-term debt				<u>\$ 5,317,377</u>	<u>\$ -</u>	<u>\$ 52,650</u>	<u>\$ 5,264,727</u>	<u>\$ 55,413</u>
Long-term portion							<u>\$ 5,209,314</u>	

* 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.

*** The mortgage notes payable to RD have stated interest rates of 6% 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.

**** The Construction Loan Agreement provides for borrowings of up to \$7,000,000 with interest rate the one month LIBOR rate plus 2.10% (2.48% at December 31, 2015) payable monthly. The initial maturity date for the construction loan is August 1, 2017, with an option to extend to February 1, 2018. The Construction Loan is to be paid down to \$365,000 and will be purchased by Network for Oregon Affordable Housing pursuant to the Loan Purchase Agreement.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

16. CHANGES IN REPORTING ENTITY

For the fiscal year ended September 30, 2015 and prior, Sheldon Village I and II were presented as directly presented component units because they were owned by a limited partnership in which the investor limited partner had a 99.99% ownership interest. On August 31, 2016, the investor limited partners withdrew and assigned, without compensation, their 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 Sheldon Village I and II have been reported as blended component units at September 30, 2016. The investor limited partners' capital accounts at the time of transfer of \$856,574 have been reported as a change in reporting entity in the statement of revenues, expenses and changes in net position.

17. OTHER PRIOR PERIOD ADJUSTMENTS

The Net Position of HACSA at September 30, 2015 has been restated to adjust prior year's financial statements for the following changes:

<u>Account Adjusted</u> <u>Statement of Net Position</u>	<u>Nature</u>	<u>Increase</u> <u>(Decrease)</u>
Cash and cash equivalent	Correct prior period journal entries in connection with write-off of Family Self Sufficiency escrow liability balances for the Public Housing program.	\$ 166,224
Notes receivable from limited partnerships	Record the sale of development site for a note receivable from Bascom Village II.	<u>395,329</u>
	Total other prior period adjustments	561,553
	Change in reporting entity	<u>856,574</u>
	Total prior period adjustments	1,418,127
	Net Position at 9/30/2015 as previously reported	<u>48,981,075</u>
	Net Position at 9/30/2015 as restated	<u>\$ 50,399,202</u>

18. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring after September 30, 2016 through June 30, 2017, the date the financial statements were available for issuance, for potential recognition or disclosure in the financial statements and concluded that, other than the matters discussed in the following paragraphs, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

New Administrative Building – HACSA has been actively seeking to purchase real estate property to develop a new administrative building. HACSA would close its Day Island (Eugene) and Fairview Drive (Springfield) offices, and put all services and staff in one location. On June 28, 2017, the HACSA Board of Commissioners approved an order allowing HACSA to execute financing for the purchase of a new administrative building for \$3,750,000.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2016

18. SUBSEQUENT EVENTS - Continued

Energy Performance Contract – Energy performance contracting is a financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. In May 2017, The HACSA Board authorized HACSA to negotiate a contract with Johnson Controls, Inc. (JCI), a third-party provider of energy performance services, and to send their project proposal to the HUD Energy Office for review and approval. Once approved, the cost of the project is expected to total approximately \$4,600,000 and will be repaid over a 20-year period with incentives from HUD. The project will provide energy conservation upgrades to HACSA’s low rent public housing properties.

Line-of-Credit Borrowing – On May 30, 2017, HACSA entered into an agreement to establish a \$1,000,000 unsecured line-of-credit instrument with Banner Bank having a maturity date of June 1, 2018. The line-of-credit has a variable interest rate of .50 basis points over the U.S. Prime Rate as published in the “Money Rates” column of *The Wall Street Journal*. The initial interest rate on the line-of-credit is 4.50%. HACSA is subject to certain covenants under the agreement including the maintenance of certain financial measurements. HACSA paid a loan fee of \$2,500.

SUPPLEMENTARY INFORMATION

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF NET POSITION
 SEPTEMBER 30, 2016

	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
111 Cash - Unrestricted	\$ 106,517	\$ 3,103,806	\$ -	\$ -	\$ -	\$ 179,993
113 Cash - Other Restricted	68,168	230,202	-	-	-	328,698
114 Cash - Tenant Security Deposits	177,864	-	-	-	-	30,401
100 Total Cash	352,549	3,334,008	-	-	-	539,092
122 Accounts Receivable - HUD Other Projects	182,859	-	20,700	-	41,527	-
124 Accounts Receivable - Other Government	-	-	-	197,375	-	-
125 Accounts Receivable - Miscellaneous	-	12,762	2,303	-	-	-
126 Accounts Receivable - Tenants	36,279	-	-	-	-	10,226
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	13,412	-	-	-	-	-
128 Fraud Recovery	-	272,266	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	(272,266)	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	232,550	12,762	23,003	197,375	41,527	10,226
131 Investments - Unrestricted	1,189,583	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	881	-	-	-	-	7,513
143 Inventories	53,581	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-
150 Total Current Assets	1,829,144	3,346,770	23,003	197,375	41,527	556,831
161 Land	4,294,268	-	-	-	-	470,406
162 Buildings	36,895,160	-	-	-	-	4,925,598
163 Furniture, Equipment & Machinery - Dwellings	1,470,200	-	-	-	-	8,860
164 Furniture, Equipment & Machinery - Administration	-	88,393	-	-	-	-
166 Accumulated Depreciation	(23,124,112)	(79,553)	-	-	-	(815,433)
167 Construction in Progress	741,407	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	20,276,923	8,840	-	-	-	4,589,431
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-
180 Total Non-Current Assets	20,276,923	8,840	-	-	-	4,589,431
200 Total Assets and Deferred Outflow of Resources	\$ 22,106,067	\$ 3,355,610	\$ 23,003	\$ 197,375	\$ 41,527	\$ 5,146,262
311 Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312 Accounts Payable <= 90 Days	83,493	23,459	343	-	-	19,192
321 Accrued Wage/Payroll Taxes Payable	23,659	22,524	4,993	-	444	-
322 Accrued Compensated Absences - Current Portion	67,689	37,285	8,342	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-
333 Accounts Payable - Other Government	157,921	-	-	-	-	-
341 Tenant Security Deposits	177,864	-	-	-	-	30,401
342 Deferred Revenues	-	-	-	-	-	423
343 Current Portion of Long-term Debt - Capital Projects / Mortgage Revenue Bonds	-	-	-	-	-	34,523
345 Other Current Liabilities	-	-	-	-	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-
347 Inter Program - Due To	55,432	-	41,632	235,488	36,249	218,499
310 Total Current Liabilities	566,058	83,268	55,310	235,488	36,693	303,038
351 Long-Term Debt, Net of Current - Capital Projects / Mortgage Revenue	-	-	-	-	-	2,192,350
353 Non-Current Liabilities - Other	78,179	230,202	-	-	-	-
354 Accrued Compensated Absences - Non Current	28,956	15,979	6,437	-	-	-
350 Total Non-Current Liabilities	107,135	246,181	6,437	-	-	2,192,350
300 Total Liabilities	673,193	329,449	61,747	235,488	36,693	2,495,388
508.4 Net Investment in Capital Assets	20,276,925	8,840	-	-	-	2,362,559
511.4 Restricted Net Position	-	779,564	-	-	-	328,698
512.4 Unrestricted Net Position	1,155,949	2,237,757	(38,744)	(38,113)	4,834	(40,383)
513 Total Equity - Net Position	21,432,874	3,026,161	(38,744)	(38,113)	4,834	2,650,874
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	\$ 22,106,067	\$ 3,355,610	\$ 23,003	\$ 197,375	\$ 41,527	\$ 5,146,262

N/C S/R Section 8 Programs	Interest Reduction Payments	Low-Income Home Energy Assistance	Other Federal Program 1	1. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ 160,600	\$ -	\$ -	\$ -	\$ 163,469	\$ -	\$ 490,805	\$ 313,775	\$ 4,518,965	\$ -	\$ 4,518,965
163,158	520,379	-	-	448,672	-	1,179,180	987,526	3,925,983	-	3,925,983
5,624	47,392	-	-	54,872	-	56,393	128,760	501,306	-	501,306
329,382	567,771	-	-	667,013	-	1,726,378	1,430,061	8,946,254	-	8,946,254
-	-	-	-	-	-	206	-	245,292	-	245,292
-	-	185,774	-	-	-	40,432	-	423,581	-	423,581
-	-	-	-	998,569	-	-	7,634	1,021,268	(9,990)	1,011,278
4,577	8,019	-	-	5,727	-	8,376	24,018	97,222	-	97,222
-	-	-	-	-	-	-	(11,954)	(11,954)	-	(11,954)
-	-	-	-	-	-	-	-	13,412	-	13,412
-	-	-	-	-	-	-	-	272,266	-	272,266
-	-	-	-	-	-	-	-	(272,266)	-	(272,266)
-	-	-	-	-	-	-	-	-	-	-
4,577	8,019	185,774	-	1,004,296	-	49,014	19,698	1,788,821	(9,990)	1,778,831
-	-	-	-	643,535	649,700	-	-	2,482,818	-	2,482,818
-	-	-	-	-	-	-	-	-	-	-
529	-	-	-	67,475	27,961	11,855	27,955	144,169	-	144,169
1,788	12,902	-	-	8,234	2,226	-	-	78,731	-	78,731
727	-	-	-	2,048,395	-	-	-	2,049,122	(2,049,122)	-
337,003	588,692	185,774	-	4,438,948	679,887	1,787,247	1,477,714	15,489,915	(2,059,112)	13,430,803
214,386	1,363,547	-	-	1,706,157	165,394	1,919,248	815,711	10,949,117	-	10,949,117
1,730,846	5,924,465	-	20,299	7,723,492	1,156,265	16,962,986	19,344,700	94,683,811	-	94,683,811
17,034	33,013	-	-	81,043	-	432,193	379,620	2,421,963	-	2,421,963
-	-	-	-	336,291	458,772	-	-	883,456	-	883,456
(992,394)	(2,304,020)	-	(6,152)	(3,624,942)	(1,311,261)	(4,204,243)	(14,373,876)	(50,835,986)	-	(50,835,986)
-	-	-	-	-	2,788	2,738,906	-	3,483,101	-	3,483,101
969,872	5,017,005	-	14,147	6,222,041	471,958	17,849,090	6,166,155	61,585,462	-	61,585,462
-	-	-	-	7,412,830	-	-	-	7,412,830	(1,923,477)	5,489,353
-	998	-	-	820,961	155,805	260,516	-	1,238,280	(176,199)	1,062,081
-	-	-	-	792,642	-	-	-	792,642	-	792,642
969,872	5,018,003	-	14,147	15,248,474	627,763	18,109,606	6,166,155	71,029,214	(2,099,676)	68,929,538
<u>\$ 1,306,875</u>	<u>\$ 5,606,695</u>	<u>\$ 185,774</u>	<u>\$ 14,147</u>	<u>\$ 19,687,422</u>	<u>\$ 1,307,650</u>	<u>\$ 19,896,853</u>	<u>\$ 7,643,869</u>	<u>\$ 86,519,129</u>	<u>\$ (4,158,788)</u>	<u>\$ 82,360,341</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,114	\$ -	\$ -	\$ 16,114	\$ -	\$ 16,114
6,712	20,080	-	-	205,050	15,674	823,054	104,686	1,301,743	-	1,301,743
2,991	6,989	-	-	21,279	18,098	-	-	100,977	-	100,977
3,474	19,310	-	-	39,144	99,728	-	-	274,972	-	274,972
-	-	-	-	10,740	-	11,274	668,285	690,299	(659,899)	30,400
-	-	-	-	-	-	-	-	157,921	-	157,921
5,624	47,392	-	-	54,411	-	56,373	119,747	491,812	-	491,812
-	4,740	-	-	3,716	-	8,877	16,978	34,734	-	34,734
15,950	-	-	-	211,966	-	55,413	94,237	412,089	-	412,089
-	-	-	15,563	-	-	497,970	94,664	608,197	(80,652)	527,545
-	-	-	-	-	25,404	18,042	105,536	148,982	(101,640)	47,342
-	664,382	207,620	-	-	589,820	-	-	2,049,122	(2,049,122)	-
34,751	762,893	207,620	15,563	546,306	764,838	1,471,003	1,204,133	6,286,962	(2,891,313)	3,395,649
299,328	-	-	-	2,138,302	-	5,209,314	3,223,323	13,062,617	(1,267,475)	11,795,142
-	-	-	-	-	-	5,168,589	-	5,476,970	-	5,476,970
1,488	8,276	-	-	16,776	42,740	-	-	120,652	-	120,652
300,816	8,276	-	-	2,155,078	42,740	10,377,903	3,223,323	18,660,239	(1,267,475)	17,392,764
335,567	771,169	207,620	15,563	2,701,384	807,578	11,848,906	4,427,456	24,947,201	(4,158,788)	20,788,413
654,594	5,017,005	-	14,147	3,871,773	471,958	12,584,363	2,848,596	48,110,760	-	48,110,760
163,158	520,379	-	-	448,672	-	1,179,180	987,526	4,407,177	-	4,407,177
153,556	(701,858)	(21,846)	(15,563)	12,665,593	28,114	(5,715,596)	(619,709)	9,053,991	-	9,053,991
971,308	4,835,526	(21,846)	(1,416)	16,986,038	500,072	8,047,947	3,216,413	61,571,928	-	61,571,928
<u>\$ 1,306,875</u>	<u>\$ 5,606,695</u>	<u>\$ 185,774</u>	<u>\$ 14,147</u>	<u>\$ 19,687,422</u>	<u>\$ 1,307,650</u>	<u>\$ 19,896,853</u>	<u>\$ 7,643,869</u>	<u>\$ 86,519,129</u>	<u>\$ (4,158,788)</u>	<u>\$ 82,360,341</u>

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, 2016**

	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
70300 Net Tenant Rental Revenue	\$ 2,041,430	\$ -	\$ -	\$ -	\$ -	\$ 255,519
70400 Tenant revenue - Other	14,094	-	-	-	-	-
70500 Total tenant revenue	2,055,524	-	-	-	-	255,519
70600 HUD PHA Operating Grants	2,117,810	19,715,368	310,010	-	379,437	-
70610 Capital Grants	878,757	-	-	-	-	-
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	-	-	-	566,447	-	252,204
71100 Investment Income - Unrestricted	7,862	-	-	-	-	-
71200 Mortgage Interest Income	-	-	-	-	-	-
71400 Fraud Recovery	-	26,968	-	-	-	-
71500 Other Revenue	58,856	52,818	-	-	-	10,554
71600 Loss on sale of capital assets	-	-	-	-	-	-
72000 Investment Income - Restricted	-	1,482	-	-	-	131
70000 Total Revenue	5,118,809	19,796,636	310,010	566,447	379,437	518,408
91100 Administrative Salaries	507,413	984,773	216,216	12,203	21,103	-
91200 Auditing Fees	15,532	5,781	-	838	-	1,305
91300 Management Fee	448,122	-	-	-	-	52,489
91310 Bookkeeping Fee	62,460	-	-	-	-	-
91400 Advertising and Marketing	1,358	588	-	182	-	379
91500 Employee Benefit Contributions - Administrative	271,770	528,987	122,538	15,202	7,360	-
91600 Office Expenses	85,577	169,845	3,647	21,557	-	16,663
91700 Legal Expense	3,952	2,261	-	250	-	3,572
91800 Travel	1,813	750	214	1,585	-	59
91900 Other	124,566	92,388	5,576	35,352	-	8,709
91000 Total Operating - Administrative	1,522,563	1,785,373	348,191	87,169	28,463	83,176
92000 Asset Management Fee	83,620	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-	-
92200 Relocation Costs	4,340	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	3,384	-	-	-	-	-
92400 Tenant Services - Other	28,450	-	-	-	-	-
92500 Total Tenant Services	36,174	-	-	-	-	-
93100 Water	123,938	-	-	-	-	16,661
93200 Electricity	99,878	-	-	-	-	8,661
93300 Gas	44,058	-	-	-	-	703
93600 Sewer	207,012	-	-	-	-	23,209
93800 Other Utilities Expense	-	-	-	-	-	-
93000 Total Utilities	474,886	-	-	-	-	49,234
94100 Ordinary Maintenance and Operations - Labor	478,382	-	-	186,912	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	181,747	-	-	239,123	-	34,342
94300 Ordinary Maintenance and Operations Contracts	605,272	2,810	-	4,177	-	187,509
94500 Employee Benefit Contributions - Ordinary Maintenance	332,030	-	-	78,940	-	-
94000 Total Maintenance	1,597,431	2,810	-	509,152	-	221,851
95100 Protective Services - Labor	16,152	-	-	-	-	-
95200 Protective Services - Other Contract Costs	195	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	2,596	-	-	-	-	-
95000 Total Protective Services	18,943	-	-	-	-	-
96110 Property Insurance	78,563	-	-	-	-	7,993
96140 All Other Insurance	-	6,402	563	2,133	-	-
96100 Total Insurance Premiums	78,563	6,402	563	2,133	-	7,993

N/C S/R Section 8 Programs	Interest Reduction Payments	Low-Income Home Emergency Assistance	Other Federal Program I	I. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ 50,588	\$ 484,835	\$ -	\$ -	\$ 992,919	\$ -	\$ 901,884	\$ 1,107,206	\$ 5,834,381	\$ -	\$ 5,834,381
-	23,770	-	-	-	-	14,066	-	51,930	-	51,930
50,588	508,605	-	-	992,919	-	915,950	1,107,206	5,886,311	-	5,886,311
188,084	372,811	-	-	-	-	-	-	23,083,520	-	23,083,520
-	-	-	-	-	-	-	-	878,757	-	878,757
-	-	-	-	-	513,773	-	-	513,773	(513,773)	-
-	-	-	-	-	83,620	-	-	83,620	(83,620)	-
-	-	-	-	-	62,460	-	-	62,460	(62,460)	-
-	-	-	-	-	125,833	-	-	125,833	(125,833)	-
-	-	-	-	143,596	702,112	-	-	845,708	(845,708)	-
-	-	-	-	143,596	1,487,798	-	-	1,631,394	(1,631,394)	-
-	-	666,363	-	1,604,049	750	50,764	-	3,140,577	-	3,140,577
-	-	-	-	273,506	2,417	1,064	1,091	285,940	(73,734)	212,206
-	-	-	-	267	-	-	-	267	-	267
-	-	-	-	-	-	-	-	26,968	-	26,968
3,210	14,578	-	-	1,163,484	-	1,351,357	41,685	2,696,542	(13,830)	2,682,712
-	-	-	-	(172,952)	-	-	-	(172,952)	-	(172,952)
192	303	-	-	101	-	-	-	2,209	-	2,209
242,074	896,297	666,363	-	4,004,970	1,490,965	2,319,135	1,149,982	37,459,533	(1,718,958)	35,740,575
27,995	134,416	10,135	-	313,038	965,977	245,842	18	3,439,129	(231,375)	3,207,754
408	2,760	862	-	3,875	15,850	-	14,918	62,129	-	62,129
-	83,013	-	-	28,298	-	-	134,862	746,784	(617,371)	129,413
-	-	-	-	-	-	-	-	62,460	(62,460)	-
-	709	142	-	3,523	682	-	715	8,278	-	8,278
11,441	85,111	14,552	-	181,081	461,254	-	48	1,699,344	(231,375)	1,467,969
1,588	50,792	23,812	-	30,815	196,068	-	44,987	645,351	(239,360)	405,991
202	1,782	311	-	974	10,119	-	722	24,145	-	24,145
38	768	1,515	-	2,180	9,063	-	2,679	20,664	-	20,664
3,398	4,639	19,790	-	95,262	104,679	-	36,387	530,746	(16,047)	514,699
45,070	363,990	71,119	-	659,046	1,763,692	245,842	235,336	7,239,030	(1,397,988)	5,841,042
-	-	-	-	10,000	-	-	30,000	123,620	(123,620)	-
-	-	-	-	-	-	-	-	-	-	-
6,549	3,863	-	-	221	-	-	-	14,973	-	14,973
-	-	-	-	-	-	-	-	3,384	-	3,384
104	498	-	-	309	6,860	-	12,648	48,869	-	48,869
6,653	4,361	-	-	530	6,860	-	12,648	67,226	-	67,226
5,245	23,754	-	-	27,236	3,698	52,800	46,310	299,642	-	299,642
1,306	17,185	-	-	15,231	21,625	46,392	42,050	252,328	-	252,328
-	11,857	-	-	410	-	-	40	57,068	-	57,068
8,123	32,878	-	-	37,441	5,039	36,616	52,328	402,646	-	402,646
-	-	-	-	-	-	22,571	-	22,571	-	22,571
14,674	85,674	-	-	80,318	30,362	158,379	140,728	1,034,255	-	1,034,255
39,549	129,623	216,291	-	65,484	144,327	217,992	-	1,478,560	-	1,478,560
17,184	65,258	296,896	-	589,044	1,630	-	160,013	1,585,237	-	1,585,237
32,905	162,842	5,088	-	243,141	107,741	-	375,390	1,726,875	(125,833)	1,601,042
37,336	72,320	83,173	-	34,092	103,561	-	-	741,452	-	741,452
126,974	430,043	601,448	-	931,761	357,259	217,992	535,403	5,532,124	(125,833)	5,406,291
-	-	-	-	-	-	-	-	16,152	-	16,152
-	2,300	-	-	822	-	-	-	3,317	-	3,317
-	396	-	-	-	-	-	-	2,992	-	2,992
-	2,696	-	-	822	-	-	-	22,461	-	22,461
-	13,232	-	-	13,134	1,257	15,034	-	129,213	-	129,213
2,932	-	2,180	-	5,152	43,020	5,201	21,019	88,602	-	88,602
2,932	13,232	2,180	-	18,286	44,277	20,235	21,019	217,815	-	217,815

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, 2016**

	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
96200 Other General Expenses	\$ -	\$ -	\$ -	\$ 224	\$ -	\$ -
96300 Payments in Lieu of Taxes	157,923	-	-	-	-	-
96400 Bad Debt - Tenant Rents	62,585	-	-	-	-	5,208
96000 Total Other General Expenses	220,508	-	-	224	-	5,208
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	38,417
96900 Total Operating Expenses	4,032,688	1,794,585	348,754	598,678	28,463	405,879
97000 Excess of Operating Revenue Over Operating Expenses	1,086,121	18,002,051	(38,744)	(32,231)	350,974	112,529
97100 Extraordinary Maintenance	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-
97300 Housing Assistance Payments	-	16,279,932	-	-	351,418	-
97350 HAP Portability-In	-	48,658	-	-	-	-
97400 Depreciation Expense	649,832	-	-	-	-	120,863
90000 Total Expenses	4,682,520	18,123,175	348,754	598,678	379,881	526,742
10091 Inter Project Excess Cash Transfer In	200,000	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	(200,000)	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	436,289	1,673,461	(38,744)	(32,231)	(444)	(8,334)
Memo Account Information						
11020 Required Annual Debt Principal Payments	-	-	-	-	-	34,523
11030 Beginning Equity	21,086,867	1,352,700	-	(5,882)	5,278	2,659,208
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	(90,282)	-	-	-	-	-
11170 Administrative Fee Equity	-	2,178,975	-	-	-	-
11180 Housing Assistance Payments Equity	-	779,564	-	-	-	-
11190 Unit Months Available	8,424	36,436	-	-	-	960
11210 Number of Unit Months Leased	8,381	37,428	-	-	-	939
11270 Excess Cash	714,017	-	-	-	-	-
11620 Building Purchases	1,320,565	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	123,529	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	36,133	-	-	-	-	-

N/C S/R Section 8 Programs	Interest Reduction Payments	Low-Income Home Emergency Assistance	Other Federal Program I	1. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ 3,315	\$ -	\$ 194	\$ -	\$ 195,735	\$ -	\$ 102,339	\$ -	\$ 301,807	\$ -	\$ 301,807
14,051	-	-	-	-	-	-	-	171,974	-	171,974
3,526	19,599	-	-	1,435	-	-	18,527	110,880	-	110,880
20,892	19,599	194	-	197,170	-	102,339	18,527	584,661	-	584,661
6,266	-	-	-	78,323	-	179,834	177,270	480,110	(73,734)	406,376
223,461	919,595	674,941	-	1,976,256	2,202,450	924,621	1,170,931	15,301,302	(1,721,175)	13,580,127
18,613	(23,298)	(8,578)	-	2,028,714	(711,485)	1,394,514	(20,949)	22,158,231	2,217	22,160,448
-	3,061	-	-	-	-	-	-	3,061	-	3,061
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	54,141	-	-	-	16,685,491	-	16,685,491
-	-	-	-	-	-	-	-	48,658	-	48,658
39,210	131,633	-	619	242,519	22,094	598,324	639,163	2,444,257	-	2,444,257
262,671	1,054,289	674,941	619	2,272,916	2,224,544	1,522,945	1,810,094	34,482,769	(1,721,175)	32,761,594
-	-	-	-	-	-	-	-	200,000	-	200,000
-	-	-	-	-	-	-	-	(200,000)	-	(200,000)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
(20,597)	(157,992)	(8,578)	(619)	1,732,054	(733,579)	796,190	(660,112)	2,976,764	2,217	2,978,981
15,950	-	-	-	211,966	-	55,413	94,237	412,089	-	412,089
991,905	5,002,958	(13,268)	(797)	14,930,720	977,143	10,271,455	2,936,231	60,194,518	-	60,194,518
-	(9,440)	-	-	323,264	256,508	(3,019,698)	940,294	(1,599,354)	(2,217)	(1,601,571)
-	-	-	-	-	-	-	-	2,178,975	-	2,178,975
-	-	-	-	-	-	-	-	779,564	-	779,564
300	1,560	-	-	1,836	-	2,028	2,868	54,412	-	54,412
300	1,548	-	-	1,826	-	1,980	2,799	55,201	-	55,201
-	-	-	-	-	-	-	-	714,017	-	714,017
-	-	-	-	-	-	-	-	1,320,565	-	1,320,565
-	-	-	-	-	-	-	-	123,529	-	123,529
-	-	-	-	-	-	-	-	36,133	-	36,133

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF NET POSITION -
LOW RENT PUBLIC HOUSING DETAIL
SEPTEMBER 30, 2016**

	AMP 1 <u>OR006000100</u>	AMP 2 <u>OR006000200</u>
111 Cash - Unrestricted	\$ -	\$ 20,581
113 Cash - Other Restricted	-	19,976
114 Cash - Tenant Security Deposits	<u>9,280</u>	<u>65,159</u>
100 Total Cash	<u>9,280</u>	<u>105,716</u>
122 Accounts Receivable - HUD Other Projects	508	63,972
126 Accounts Receivable - Tenants	-	20,205
127 Notes, Loans, & Mortgages Receivable - Current	<u>-</u>	<u>7,634</u>
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>508</u>	<u>91,811</u>
131 Investments - Unrestricted	118,936	182,565
142 Prepaid Expenses and Other Assets	469	-
143 Inventories	<u>2,915</u>	<u>18,138</u>
150 Total Current Assets	<u>132,108</u>	<u>398,230</u>
161 Land	299,209	1,312,541
162 Buildings	3,783,911	10,237,513
164 Furniture, Equipment & Machinery - Administration	57,208	505,604
166 Accumulated Depreciation	(1,453,978)	(7,696,023)
167 Construction in Progress	<u>2,895</u>	<u>315,707</u>
160 Total Capital Assets, Net of Accumulated Depreciation	<u>2,689,245</u>	<u>4,675,342</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 2,821,353</u>	<u>\$ 5,073,572</u>
312 Accounts Payable <= 90 Days	\$ 4,422	\$ 10,494
321 Accrued Wage/Payroll Taxes Payable	1,138	6,238
322 Accrued Compensated Absences - Current Portion	2,694	14,244
333 Accounts Payable - Other Government	6,057	53,467
341 Tenant Security Deposits	9,280	65,159
347 Inter Program - Due To	<u>-</u>	<u>-</u>
310 Total Current Liabilities	<u>23,591</u>	<u>149,602</u>
353 Non-current Liabilities - Other	-	29,988
354 Accrued Compensated Absences - Non Current	<u>1,100</u>	<u>6,104</u>
350 Total Non-Current Liabilities	<u>1,100</u>	<u>36,092</u>
300 Total Liabilities	<u>24,691</u>	<u>185,694</u>
508.4 Net Investment in Capital Assets	2,689,245	4,675,343
512.4 Unrestricted Net Position	<u>107,417</u>	<u>212,535</u>
513 Total Equity - Net Assets / Position	<u>2,796,662</u>	<u>4,887,878</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net Position	<u>\$ 2,821,353</u>	<u>\$ 5,073,572</u>

AMP 3 OR006000300	AMP 4 OR006000400	AMP 5 OR006000500	AMP 6 OR006000600	AMP 99 OR00600999	Total
\$ -	\$ 85,936	\$ -	\$ -	\$ -	\$ 106,517
47,076	1,116	-	-	-	68,168
59,095	16,850	16,875	10,605	-	177,864
<u>106,171</u>	<u>103,902</u>	<u>16,875</u>	<u>10,605</u>	<u>-</u>	<u>352,549</u>
24,742	962	2,166	68,693	21,816	182,859
10,068	276	5,459	271	-	36,279
3,690	396	1,493	199	-	13,412
<u>38,500</u>	<u>1,634</u>	<u>9,118</u>	<u>69,163</u>	<u>21,816</u>	<u>232,550</u>
61,365	418,249	308,468	100,000	-	1,189,583
103	100	100	109	-	881
8,040	6,304	7,184	11,000	-	53,581
<u>214,179</u>	<u>530,189</u>	<u>341,745</u>	<u>190,877</u>	<u>21,816</u>	<u>1,829,144</u>
1,024,218	687,758	450,796	519,746	-	4,294,268
7,417,718	5,415,921	3,665,357	6,374,740	-	36,895,160
375,064	174,687	153,117	204,520	-	1,470,200
(4,208,241)	(4,276,797)	(2,375,837)	(3,113,236)	-	(23,124,112)
145,067	47,793	52,053	141,759	36,133	741,407
<u>4,753,826</u>	<u>2,049,362</u>	<u>1,945,486</u>	<u>4,127,529</u>	<u>36,133</u>	<u>20,276,923</u>
<u>\$ 4,968,005</u>	<u>\$ 2,579,551</u>	<u>\$ 2,287,231</u>	<u>\$ 4,318,406</u>	<u>\$ 57,949</u>	<u>\$ 22,106,067</u>
\$ 7,495	\$ 18,817	\$ 27,736	\$ 13,353	\$ 1,176	\$ 83,493
4,517	4,350	4,191	3,225	-	23,659
11,742	25,599	3,576	9,834	-	67,689
33,240	34,896	16,870	13,391	-	157,921
59,095	16,850	16,875	10,605	-	177,864
-	-	-	33,616	21,816	55,432
<u>116,089</u>	<u>100,512</u>	<u>69,248</u>	<u>84,024</u>	<u>22,992</u>	<u>566,058</u>
47,075	1,116	-	-	-	78,179
5,033	10,971	1,533	4,215	-	28,956
<u>52,108</u>	<u>12,087</u>	<u>1,533</u>	<u>4,215</u>	<u>-</u>	<u>107,135</u>
168,197	112,599	70,781	88,239	22,992	673,193
4,753,828	2,049,362	1,945,486	4,127,528	36,133	20,276,925
45,980	417,590	270,964	102,639	(1,176)	1,155,949
<u>4,799,808</u>	<u>2,466,952</u>	<u>2,216,450</u>	<u>4,230,167</u>	<u>34,957</u>	<u>21,432,874</u>
<u>\$ 4,968,005</u>	<u>\$ 2,579,551</u>	<u>\$ 2,287,231</u>	<u>\$ 4,318,406</u>	<u>\$ 57,949</u>	<u>\$ 22,106,067</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 SEPTMEBER 30, 2016**

	AMP 1 OR006000100			AMP 2 OR006000200		
	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
70300 Net Tenant Rental Revenue	\$ 94,953	\$ -	\$ 94,953	\$ 649,556	\$ -	\$ 649,556
70400 Tenant Revenue - Other	-	-	-	-	-	-
70500 Total Tenant Revenue	94,953	-	94,953	649,556	-	649,556
70600 HUD PHA Operating Grants	174,703	952	175,655	517,988	51,449	569,437
70610 Capital Grants	-	1,451	1,451	-	357,813	357,813
71100 Investment Income - Unrestricted	-	-	-	1,296	-	1,296
71500 Other Revenue	2,146	-	2,146	30,521	-	30,521
70000 Total Revenue	271,802	2,403	274,205	1,199,361	409,262	1,608,623
91100 Administrative Salaries	28,554	-	28,554	149,072	-	149,072
91200 Auditing Fees	473	10	483	3,491	1,653	5,144
91300 Management Fee	17,042	728	17,770	127,384	10,939	138,323
91310 Book-keeping Fee	2,542	-	2,542	19,005	-	19,005
91400 Advertising and Marketing	-	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	13,634	-	13,634	68,964	-	68,964
91600 Office Expenses	2,820	-	2,820	23,056	-	23,056
91700 Legal Expense	5	-	5	36	-	36
91800 Travel	77	-	77	43	-	43
91900 Other	3,500	244	3,744	5,766	39,309	45,075
91000 Total Operating - Administrative	68,647	982	69,629	396,817	51,901	448,718
92000 Asset Management Fee	3,480	-	3,480	24,900	-	24,900
92200 Relocation Costs	-	-	-	799	-	799
92300 Employee Benefit Contributions - Tenant Services	125	-	125	1,003	-	1,003
92400 Tenant Services - Other	3,998	-	3,998	6,020	-	6,020
92500 Total Tenant Services	4,123	-	4,123	7,822	-	7,822
93100 Water	13,141	-	13,141	41,782	-	41,782
93200 Electricity	2,260	-	2,260	-	-	-
93300 Gas	-	-	-	-	-	-
93600 Sewer	22,195	-	22,195	73,446	-	73,446
93000 Total Utilities	37,596	-	37,596	115,228	-	115,228
94100 Ordinary Maintenance and Operations - Labor	24,757	-	24,757	115,037	-	115,037
94200 Ordinary Maintenance and Operations - Materials and	5,685	-	5,685	81,494	-	81,494
94300 Ordinary Maintenance and Operations Contracts	25,911	-	25,911	210,215	-	210,215
94500 Employee Benefit Contributions - Ordinary Maintenance	13,759	-	13,759	81,787	-	81,787
94000 Total Maintenance	70,112	-	70,112	488,533	-	488,533
95100 Protective Services - Labor	-	-	-	10,124	-	10,124
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	1,751	-	1,751
95000 Total Protective Services	-	-	-	11,875	-	11,875
96110 Property Insurance	4,092	-	4,092	23,051	-	23,051
96300 Payments in Lieu of Taxes	6,058	-	6,058	53,467	-	53,467
96400 Bad debt - Tenant Rents	10,624	-	10,624	14,429	-	14,429
96000 Total Other General Expenses	16,682	-	16,682	67,896	-	67,896
96900 Total Operating Expenses	204,732	982	205,714	1,136,122	51,901	1,188,023
97000 Excess of Operating Revenue over Operating Expenses	67,070	1,421	68,491	63,239	357,361	420,600
97400 Depreciation Expense	42,426	-	42,426	165,480	-	165,480
90000 Total Expenses	247,158	982	248,140	1,301,602	51,901	1,353,503
10091 Inter Project Excess Cash Transfer In	100,000	-	100,000	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	(100,000)	-	(100,000)
10100 Total Other financing Sources (Uses)	100,000	-	100,000	(100,000)	-	(100,000)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 124,644	\$ 1,421	\$ 126,065	\$(202,241)	\$ 357,361	\$ 155,120

AMP 3 OR006000300			AMP 4 OR006000400			AMP 5 OR006000500		
Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
\$ 374,232	\$ -	\$ 374,232	\$ 480,483	\$ -	\$ 480,483	\$ 247,108	\$ -	\$ 247,108
-	-	-	8,982	-	8,982	2,307	-	2,307
<u>374,232</u>	<u>-</u>	<u>374,232</u>	<u>489,465</u>	<u>-</u>	<u>489,465</u>	<u>249,415</u>	<u>-</u>	<u>249,415</u>
407,229	35,860	443,089	307,760	3,607	311,367	247,096	-	247,096
-	238,045	238,045	-	20,328	20,328	-	42,628	42,628
1,288	-	1,288	2,340	-	2,340	2,436	-	2,436
11,549	-	11,549	4,710	-	4,710	3,331	-	3,331
<u>794,298</u>	<u>273,905</u>	<u>1,068,203</u>	<u>804,275</u>	<u>23,935</u>	<u>828,210</u>	<u>502,278</u>	<u>42,628</u>	<u>544,906</u>
100,183	-	100,183	101,899	-	101,899	72,323	-	72,323
2,121	1,146	3,267	2,447	74	2,521	1,468	236	1,704
77,567	7,596	85,163	89,581	1,928	91,509	52,784	2,380	55,164
11,572	-	11,572	13,365	-	13,365	7,875	-	7,875
-	-	-	-	-	-	-	-	-
47,378	-	47,378	64,312	-	64,312	43,553	-	43,553
30,184	-	30,184	12,602	-	12,602	6,474	-	6,474
22	-	22	3,757	-	3,757	15	-	15
22	-	22	461	-	461	494	-	494
2,761	27,255	30,016	4,349	1,763	6,112	4,318	5,616	9,934
<u>271,810</u>	<u>35,997</u>	<u>307,807</u>	<u>292,773</u>	<u>3,765</u>	<u>296,538</u>	<u>189,304</u>	<u>8,232</u>	<u>197,536</u>
15,480	-	15,480	17,880	-	17,880	10,740	-	10,740
-	-	-	733	-	733	-	-	-
627	-	627	752	-	752	376	-	376
5,986	-	5,986	4,239	-	4,239	5,540	-	5,540
<u>6,613</u>	<u>-</u>	<u>6,613</u>	<u>5,724</u>	<u>-</u>	<u>5,724</u>	<u>5,916</u>	<u>-</u>	<u>5,916</u>
12,082	-	12,082	13,499	-	13,499	28,138	-	28,138
2,765	-	2,765	68,171	-	68,171	9,910	-	9,910
-	-	-	31,043	-	31,043	11,373	-	11,373
20,486	-	20,486	24,194	-	24,194	36,179	-	36,179
<u>35,333</u>	<u>-</u>	<u>35,333</u>	<u>136,907</u>	<u>-</u>	<u>136,907</u>	<u>85,600</u>	<u>-</u>	<u>85,600</u>
119,879	-	119,879	71,280	-	71,280	81,874	-	81,874
35,208	-	35,208	23,539	-	23,539	14,003	-	14,003
102,913	-	102,913	94,168	-	94,168	71,979	-	71,979
88,393	-	88,393	50,538	-	50,538	52,662	-	52,662
<u>346,393</u>	<u>-</u>	<u>346,393</u>	<u>239,525</u>	<u>-</u>	<u>239,525</u>	<u>220,518</u>	<u>-</u>	<u>220,518</u>
-	-	-	2,448	-	2,448	1,132	-	1,132
-	-	-	-	-	-	195	-	195
-	-	-	423	-	423	-	-	-
-	-	-	2,871	-	2,871	1,327	-	1,327
<u>18,494</u>	<u>-</u>	<u>18,494</u>	<u>13,030</u>	<u>-</u>	<u>13,030</u>	<u>8,832</u>	<u>-</u>	<u>8,832</u>
33,240	-	33,240	34,896	-	34,896	16,871	-	16,871
19,489	-	19,489	3,050	-	3,050	10,767	-	10,767
<u>52,729</u>	<u>-</u>	<u>52,729</u>	<u>37,946</u>	<u>-</u>	<u>37,946</u>	<u>27,638</u>	<u>-</u>	<u>27,638</u>
746,852	35,997	782,849	746,656	3,765	750,421	549,875	8,232	558,107
47,446	237,908	285,354	57,619	20,170	77,789	(47,597)	34,396	(13,201)
166,911	-	166,911	82,165	-	82,165	61,097	-	61,097
913,763	35,997	949,760	828,821	3,765	832,586	610,972	8,232	619,204
-	-	-	-	-	-	-	-	-
(50,000)	-	(50,000)	(50,000)	-	(50,000)	-	-	-
(50,000)	-	(50,000)	(50,000)	-	(50,000)	-	-	-
<u>\$ (169,465)</u>	<u>\$ 237,908</u>	<u>\$ 68,443</u>	<u>\$ (74,546)</u>	<u>\$ 20,170</u>	<u>\$ (54,376)</u>	<u>\$ (108,694)</u>	<u>\$ 34,396</u>	<u>\$ (74,298)</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 SEPTMEBER 30, 2016

	AMP 6 OR006000600			AMP 99 OR006009999		
	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
70300 Net Tenant Rental Revenue	\$ 195,098	\$ -	\$ 195,098	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	2,805	-	2,805	-	-	-
70500 Total Tenant Revenue	197,903	-	197,903	-	-	-
70600 HUD PHA Operating Grants	343,547	27,619	371,166	-	-	-
70610 Capital Grants	-	183,535	183,535	-	34,957	34,957
71100 Investment Income - Unrestricted	502	-	502	-	-	-
71500 Other Revenue	6,599	-	6,599	-	-	-
70000 Total Revenue	548,551	211,154	759,705	-	34,957	34,957
91100 Administrative Salaries	55,382	-	55,382	-	-	-
91200 Auditing Fees	1,533	880	2,413	-	-	-
91300 Management Fee	54,292	5,901	60,193	-	-	-
91310 Book-keeping Fee	8,101	-	8,101	-	-	-
91400 Advertising and Marketing	1,358	-	1,358	-	-	-
91500 Employee Benefit contributions - Administrative	33,929	-	33,929	-	-	-
91600 Office Expenses	10,441	-	10,441	-	-	-
91700 Legal Expense	117	-	117	-	-	-
91800 Travel	716	-	716	-	-	-
91900 Other	8,748	20,937	29,685	-	-	-
91000 Total Operating - Administrative	174,617	27,718	202,335	-	-	-
92000 Asset Management Fee	11,140	-	11,140	-	-	-
92200 Relocation Costs	2,808	-	2,808	-	-	-
92300 Employee Benefit Contributions - Tenant Services	501	-	501	-	-	-
92400 Tenant Services - Other	2,667	-	2,667	-	-	-
92500 Total Tenant Services	5,976	-	5,976	-	-	-
93100 Water	15,296	-	15,296	-	-	-
93200 Electricity	16,772	-	16,772	-	-	-
93300 Gas	1,642	-	1,642	-	-	-
93600 Sewer	30,512	-	30,512	-	-	-
93000 Total Utilities	64,222	-	64,222	-	-	-
94100 Ordinary Maintenance and Operations - Labor	65,555	-	65,555	-	-	-
94200 Ordinary Maintenance and Operations - Materials and	21,818	-	21,818	-	-	-
94300 Ordinary Maintenance and Operations Contracts	100,086	-	100,086	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	44,891	-	44,891	-	-	-
94000 Total Maintenance	232,350	-	232,350	-	-	-
95100 Protective Services - Labor	2,448	-	2,448	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	422	-	422	-	-	-
95000 Total Protective Services	2,870	-	2,870	-	-	-
96110 Property Insurance	11,064	-	11,064	-	-	-
96300 Payments in Lieu of Taxes	13,391	-	13,391	-	-	-
96400 Bad debt - Tenant Rents	4,226	-	4,226	-	-	-
96000 Total Other General Expenses	17,617	-	17,617	-	-	-
96900 Total Operating Expenses	519,856	27,718	547,574	-	-	-
97000 Excess of Operating Revenue over Operating Expenses	28,695	183,436	212,131	-	34,957	34,957
97400 Depreciation Expense	131,753	-	131,753	-	-	-
90000 Total Expenses	651,609	27,718	679,327	-	-	-
10091 Inter Project Excess Cash Transfer In	100,000	-	100,000	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	100,000	-	100,000	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (3,058)	\$ 183,436	\$ 180,378	\$ -	\$ 34,957	\$ 34,957

Total Low Rent	Total Capital Fund	Total
\$ 2,041,430	\$ -	\$ 2,041,430
14,094	-	14,094
<u>2,055,524</u>	<u>-</u>	<u>2,055,524</u>
1,998,323	119,487	2,117,810
-	878,757	878,757
7,862	-	7,862
58,856	-	58,856
<u>4,120,565</u>	<u>998,244</u>	<u>5,118,809</u>
507,413	-	507,413
11,533	3,999	15,532
418,650	29,472	448,122
62,460	-	62,460
1,358	-	1,358
271,770	-	271,770
85,577	-	85,577
3,952	-	3,952
1,813	-	1,813
29,442	95,124	124,566
<u>1,393,968</u>	<u>128,595</u>	<u>1,522,563</u>
83,620	-	83,620
4,340	-	4,340
3,384	-	3,384
28,450	-	28,450
<u>36,174</u>	<u>-</u>	<u>36,174</u>
123,938	-	123,938
99,878	-	99,878
44,058	-	44,058
207,012	-	207,012
<u>474,886</u>	<u>-</u>	<u>474,886</u>
478,382	-	478,382
181,747	-	181,747
605,272	-	605,272
332,030	-	332,030
<u>1,597,431</u>	<u>-</u>	<u>1,597,431</u>
16,152	-	16,152
195	-	195
2,596	-	2,596
<u>18,943</u>	<u>-</u>	<u>18,943</u>
78,563	-	78,563
157,923	-	157,923
62,585	-	62,585
<u>220,508</u>	<u>-</u>	<u>220,508</u>
3,904,093	128,595	4,032,688
216,472	869,649	1,086,121
649,832	-	649,832
<u>4,553,925</u>	<u>128,595</u>	<u>4,682,520</u>
200,000	-	200,000
(200,000)	-	(200,000)
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (433,360)</u>	<u>\$ 869,649</u>	<u>\$ 436,289</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 SEPTMEBER 30, 2016**

	AMP 1 OR006000100			AMP 2 OR006000200		
	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
Memo Account Information						
11030 Beginning Equity	2,669,139	-	2,669,139	4,701,492	-	4,701,492
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	1,566	(108)	1,458	41,935	(10,669)	31,266
11190 Unit Months Available	348	-	348	2,568	-	2,568
11210 Number of Unit Months Leased	339	-	339	2,534	-	2,534
11270 Excess Cash	(13,028)	-	(13,028)	115,838	-	115,838
11620 Building Purchases	7,284	1,411	8,695	63,485	328,790	392,275
11630 Furniture & Equipment - Dwelling Purchases	936	40	976	33,885	29,023	62,908

AMP 3 OR006000300			AMP 4 OR006000400			AMP 5 OR006000500		
Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
4,884,421	-	4,884,421	2,524,203	-	2,524,203	2,261,932	-	2,261,932
(153,056)	-	(153,056)	14,472	(17,347)	(2,875)	31,254	(2,438)	28,816
1,536	-	1,536	1,788	-	1,788	1,068	-	1,068
1,536	-	1,536	1,788	-	1,788	1,068	-	1,068
(19,366)	-	(19,366)	359,936	-	359,936	219,390	-	219,390
124,757	223,088	347,845	48,927	20,099	69,026	72,844	49,347	122,191
4,441	14,957	19,398	9,965	229	10,194	2,609	382	2,991

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 SEPTMEBER 30, 2016

		AMP 6 OR006000600			AMP 99 OR006009999		
		Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
Memo Account Information							
11030	Beginning Equity	4,045,680	-	4,045,680	-	-	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	4,109	4,109	-	-	-
11190	Unit Months Available	1,116	-	1,116	-	-	-
11210	Number of Unit Months Leased	1,116	-	1,116	-	-	-
11270	Excess Cash	52,423	-	52,423	-	-	-
11620	Building Purchases	198,207	182,326	380,533	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	25,853	1,209	27,062	-	-	-

<u>Total Low Rent</u>	<u>Total Capital Fund</u>	<u>Total</u>
21,086,867	-	21,086,867
(63,829)	(26,453)	(90,282)
8,424	-	8,424
8,381	-	8,381
715,193	-	715,193
515,504	805,061	1,320,565
77,689	45,840	123,529

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - DETAIL FOR RURAL RENTAL ASSISTANCE PAYMENTS PROGRAM SEPTEMBER 30, 2016

	Camas	Norseman Village Apartments	Total
111 Cash - Unrestricted	\$ 40,428	\$ 139,565	\$ 179,993
113 Cash - Other Restricted	69,183	259,515	328,698
114 Cash - Tenant Security Deposits	13,908	16,493	30,401
100 Total Cash	<u>123,519</u>	<u>415,573</u>	<u>539,092</u>
126 Accounts Receivable - Tenants	<u>728</u>	<u>9,498</u>	<u>10,226</u>
142 Prepaid Expenses and Other Assets	<u>3,691</u>	<u>3,822</u>	<u>7,513</u>
150 Total Current Assets	<u>127,938</u>	<u>428,893</u>	<u>556,831</u>
161 Land	371,677	98,729	470,406
162 Buildings	936,382	3,989,216	4,925,598
163 Furniture, Equipment & Machinery - Dwellings	8,860	-	8,860
166 Accumulated Depreciation	<u>(315,142)</u>	<u>(500,291)</u>	<u>(815,433)</u>
160 Total Capital Assets, Net of Accumulated Depreciation	<u>1,001,777</u>	<u>3,587,654</u>	<u>4,589,431</u>
290 Total Assets and Deferred Outflow of Resources	<u><u>\$ 1,129,715</u></u>	<u><u>\$ 4,016,547</u></u>	<u><u>\$ 5,146,262</u></u>
312 Accounts Payable <= 90 Days	\$ 9,382	\$ 9,810	\$ 19,192
341 Tenant Security Deposits	13,908	16,493	30,401
342 Unearned Revenue	56	367	423
343 Current Portion of Long-term Debt - Capital	12,428	22,095	34,523
347 Inter Program - Due To	<u>83,955</u>	<u>134,544</u>	<u>218,499</u>
310 Total Current Liabilities	<u>119,729</u>	<u>183,309</u>	<u>303,038</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	<u>410,294</u>	<u>1,782,056</u>	<u>2,192,350</u>
300 Total Liabilities	<u>530,023</u>	<u>1,965,365</u>	<u>2,495,388</u>
508.4 Net Investment in Capital Assets	579,055	1,783,504	2,362,559
511.4 Restricted Net Position	69,183	259,515	328,698
512.4 Unrestricted Net Position	<u>(48,546)</u>	<u>8,163</u>	<u>(40,383)</u>
513 Total Equity - Net Assets / Position	<u>599,692</u>	<u>2,051,182</u>	<u>2,650,874</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u><u>\$ 1,129,715</u></u>	<u><u>\$ 4,016,547</u></u>	<u><u>\$ 5,146,262</u></u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - DETAIL FOR RURAL RENTAL ASSISTANCE PAYMENTS PROGRAM SEPTEMBER 30, 2016

	Camas	Norseman Village Apartments	Total
70300 Net Tenant Rental Revenue	\$ 135,669	\$ 119,850	\$ 255,519
70800 Other Government Grants	89,140	163,064	252,204
71500 Other Revenue	4,428	6,126	10,554
72000 Investment Income - Restricted	39	92	131
70000 Total Revenue	229,276	289,132	518,408
91200 Auditing Fees	587	718	1,305
91300 Management Fee	23,691	28,798	52,489
91400 Advertising and Marketing	338	41	379
91600 Office Expenses	8,321	8,342	16,663
91700 Legal Expense	259	3,313	3,572
91800 Travel	-	59	59
91900 Other	4,376	4,333	8,709
91000 Total Operating - Administrative	37,572	45,604	83,176
93100 Water	12,772	3,889	16,661
93200 Electricity	5,263	3,398	8,661
93300 Gas	-	703	703
93600 Sewer	17,252	5,957	23,209
93000 Total Utilities	35,287	13,947	49,234
94200 Ordinary Maintenance and Operations - Materials & Other	26,973	7,369	34,342
94300 Ordinary Maintenance and Operations Contracts	75,446	112,063	187,509
94000 Total Maintenance	102,419	119,432	221,851
96110 Property Insurance	3,886	4,107	7,993
96400 Bad debt - Tenant Rents	5,216	(8)	5,208
96710 Interest of Mortgage (or Bonds) Payable	7,394	31,023	38,417
96900 Total Operating Expenses	191,774	214,105	405,879
97000 Excess of Operating Revenue over Operating Expenses	37,502	75,027	112,529
97400 Depreciation Expense	21,132	99,731	120,863
90000 Total Expenses	212,906	313,836	526,742
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ 16,370	\$ (24,704)	\$ (8,334)

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR INTEREST REDUCTION PAYMENTS PROGRAM
SEPTEMBER 30, 2016**

	<u>Village Oaks</u>	<u>14 Pines</u>	<u>Total</u>
113 Cash - Other Restricted	\$ 184,114	\$ 336,265	\$ 520,379
114 Cash - Tenant Security Deposits	31,963	15,429	47,392
100 Total Cash	<u>216,077</u>	<u>351,694</u>	<u>567,771</u>
126 Accounts Receivable - Tenants	4,297	3,722	8,019
143 Inventories	6,981	5,921	12,902
150 Total Current Assets	<u>227,355</u>	<u>361,337</u>	<u>588,692</u>
161 Land	593,299	770,248	1,363,547
162 Buildings	2,378,597	3,545,868	5,924,465
164 Furniture, Equipment & Machinery - Administration	19,580	13,433	33,013
166 Accumulated Depreciation	<u>(963,845)</u>	<u>(1,340,175)</u>	<u>(2,304,020)</u>
160 Total Capital Assets, Net of Accumulated Depreciation	<u>2,027,631</u>	<u>2,989,374</u>	<u>5,017,005</u>
174 Other Assets	-	998	998
290 Total Assets and Deferred Outflow of Resources	<u>\$ 2,254,986</u>	<u>\$ 3,351,709</u>	<u>\$ 5,606,695</u>
312 Accounts Payable <= 90 Days	\$ 4,724	\$ 15,356	\$ 20,080
321 Accrued Wage/Payroll Taxes Payable	3,531	3,458	6,989
322 Accrued Compensated Absences - Current Portion	7,325	11,985	19,310
341 Tenant Security Deposits	31,963	15,429	47,392
342 Unearned Revenue	4,740	-	4,740
347 Inter Program - Due To	<u>197,878</u>	<u>466,504</u>	<u>664,382</u>
310 Total Current Liabilities	<u>250,161</u>	<u>512,732</u>	<u>762,893</u>
354 Accrued compensated absense	3,139	5,137	8,276
300 Total Liabilities	<u>253,300</u>	<u>517,869</u>	<u>771,169</u>
508.4 Net Investment in Capital Assets	2,027,631	2,989,374	5,017,005
511.4 Restricted Net Position	184,114	336,265	520,379
512.4 Unrestricted Net Position	(210,059)	(491,799)	(701,858)
513 Total Equity - Net Assets / Position	<u>2,001,686</u>	<u>2,833,840</u>	<u>4,835,526</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u>\$ 2,254,986</u>	<u>\$ 3,351,709</u>	<u>\$ 5,606,695</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR INTEREST REDUCTION PAYMENTS PROGRAM
SEPTEMBER 30, 2016**

	<u>Village Oaks</u>	<u>14 Pines</u>	<u>Total</u>
70300 Net Tenant Rental Revenue	\$ 319,660	\$ 165,175	\$ 484,835
70400 Tenant Revenue - Other	5,770	18,000	23,770
70500 Total Tenant Revenue	<u>325,430</u>	<u>183,175</u>	<u>508,605</u>
70600 HUD PHA Operating Grants	<u>89,821</u>	<u>282,990</u>	<u>372,811</u>
71500 Other Revenue	7,459	7,119	14,578
72000 Investment Income - Restricted	<u>160</u>	<u>143</u>	<u>303</u>
70000 Total Revenue	<u>422,870</u>	<u>473,427</u>	<u>896,297</u>
91100 Administrative Salaries	63,427	70,989	134,416
91200 Auditing Fees	1,396	1,364	2,760
91300 Management Fee	43,401	39,612	83,013
91400 Advertising and Marketing	671	38	709
91500 Employee Benefit contributions - Administrative	37,053	48,058	85,111
91600 Office Expenses	23,885	26,907	50,792
91700 Legal Expense	1,043	739	1,782
91800 Travel	387	381	768
91900 Other	<u>2,334</u>	<u>2,305</u>	<u>4,639</u>
91000 Total Operating - Administrative	<u>173,597</u>	<u>190,393</u>	<u>363,990</u>
92200 Relocation Costs	-	3,863	3,863
92400 Tenant Services - Other	<u>338</u>	<u>160</u>	<u>498</u>
92500 Total Tenant Services	<u>338</u>	<u>4,023</u>	<u>4,361</u>
93100 Water	11,974	11,780	23,754
93200 Electricity	8,378	8,807	17,185
93300 Gas	10,777	1,080	11,857
93600 Sewer	<u>17,216</u>	<u>15,662</u>	<u>32,878</u>
93000 Total Utilities	<u>48,345</u>	<u>37,329</u>	<u>85,674</u>
94100 Ordinary Maintenance and Operations - Labor	58,022	71,601	129,623
94200 Ordinary Maintenance and Operations - Materials and Other	24,428	40,830	65,258
94300 Ordinary Maintenance and Operations Contracts	66,684	96,158	162,842
94500 Employee Benefit Contributions - Ordinary Maintenance	<u>28,418</u>	<u>43,902</u>	<u>72,320</u>
94000 Total Maintenance	<u>177,552</u>	<u>252,491</u>	<u>430,043</u>
95200 Protective Services - Other Contract Costs	2,300	-	2,300
95500 Employee Benefit Contributions - Protective Services	<u>396</u>	<u>-</u>	<u>396</u>
95000 Total Protective Services	<u>2,696</u>	<u>-</u>	<u>2,696</u>
96110 Property Insurance	6,499	6,733	13,232
96400 Bad debt - Tenant Rents	<u>3,226</u>	<u>16,373</u>	<u>19,599</u>
96900 Total Operating Expenses	<u>412,253</u>	<u>507,342</u>	<u>919,595</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR INTEREST REDUCTION PAYMENTS PROGRAM
SEPTEMBER 30, 2016**

	<u>Village Oaks</u>	<u>14 Pines</u>	<u>Total</u>
97000 Excess of Operating Revenue over Operating Expenses	\$ 10,617	\$ (33,915)	\$ (23,298)
97100 Extraordinary Maintenance	-	3,061	3,061
97400 Depreciation Expense	<u>52,819</u>	<u>78,814</u>	<u>131,633</u>
90000 Total Expenses	<u>465,072</u>	<u>589,217</u>	<u>1,054,289</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ (42,202)</u>	<u>\$ (115,790)</u>	<u>\$ (157,992)</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - DETAIL FOR BUSINESS ACTIVITIES

SEPTEMBER 30, 2016

	Firwood	Richardson Bridge	Heeran Center	Signpost	Other Busines Activities	Totals
111 Cash - Unrestricted	\$ -	\$ 163,384	\$ -	\$ -	\$ 85	\$ 163,469
113 Cash - Other Restricted	268,290	55,199	125,183	-	-	448,672
114 Cash - Tenant Security Deposits	37,560	16,302	-	1,010	-	54,872
100 Total Cash	305,850	234,885	125,183	1,010	85	667,013
125 Accounts Receivable - Miscellaneous	-	-	-	5,755	992,814	998,569
126 Accounts Receivable - Tenants	2,660	3,067	-	-	-	5,727
120 Total Receivables, Net of Allowances for Doubtful Accounts	2,660	3,067	-	5,755	992,814	1,004,296
131 Investments - Unrestricted	-	-	-	-	643,535	643,535
142 Prepaid Expenses and Other Assets	9,363	4,121	-	92	53,899	67,475
143 Inventories	4,914	-	-	-	3,320	8,234
144 Inter Program Due From	-	-	-	-	2,048,395	2,048,395
150 Total Current Assets	322,787	242,073	125,183	6,857	3,742,048	4,438,948
161 Land	-	69,570	403,815	195,358	1,037,414	1,706,157
162 Buildings	2,848,353	991,023	2,265,758	583,254	1,035,104	7,723,492
163 Furniture, Equipment & Machinery - Dwellings	8,032	-	73,011	-	-	81,043
164 Furniture, Equipment & Machinery - Administration	-	-	-	-	336,291	336,291
166 Accumulated Depreciation	(1,223,807)	(553,772)	(665,902)	(215,444)	(966,017)	(3,624,942)
160 Total Capital Assets, Net of Accumulated Depreciation	1,632,578	506,821	2,076,682	563,168	1,442,792	6,222,041
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	7,412,830	7,412,830
174 Other Assets	-	-	-	-	820,961	820,961
176 Investments in Joint Ventures	-	-	-	-	792,642	792,642
180 Total Non-Current Assets	1,632,578	506,821	2,076,682	563,168	10,469,225	15,248,474
290 Total Assets and Deferred Outflow of Resources	\$ 1,955,365	\$ 748,894	\$ 2,201,865	\$ 570,025	\$ 14,211,273	\$ 19,687,422

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - DETAIL FOR BUSINESS ACTIVITIES

SEPTEMBER 30, 2016

	Firwood	Richardson Bridge	Heeran Center	Signpost	Other Busines Activities	Totals	
312	Accounts Payable <= 90 Days	\$ 5,008	\$ 14,581	\$ 861	\$ 875	\$ 183,725	\$ 205,050
321	Accrued Wage/Payroll Taxes Payable	2,336	-	241	137	18,565	21,279
322	Accrued Compensated Absences - Current Portion	2,837	-	712	78	35,517	39,144
325	Accrued Interest Payable	9,631	-	1,109	-	-	10,740
341	Tenant Security Deposits	37,560	15,841	-	1,010	-	54,411
342	Unearned Revenue	-	5,066	-	-	(1,350)	3,716
343	Current Portion of Long-term Debt - Capital	112,466	-	81,769	10,237	7,494	211,966
310	Total Current Liabilities	169,838	35,488	84,692	12,337	243,951	546,306
351	Long-term Debt, Net of Current - Capital	688,130	-	1,439,113	11,059	-	2,138,302
354	Accrued Compensated Absences - Non Current	1,216	-	305	33	15,222	16,776
350	Long-term Debt, Net of Current - Capital Total Non-	689,346	-	1,439,418	11,092	15,222	2,155,078
300	Total Liabilities	859,184	35,488	1,524,110	23,429	259,173	2,701,384
508.4	Net Investment in Capital Assets	831,982	506,821	555,800	541,872	1,435,297	3,871,772
511.4	Restricted Net Position	268,290	55,199	125,183	-	-	448,672
512.4	Unrestricted Net Position	(4,091)	151,386	(3,228)	4,724	12,516,803	12,665,594
513	Total Equity - Net Assets / Position	1,096,181	713,406	677,755	546,596	13,952,100	16,986,038
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 1,955,365	\$ 748,894	\$ 2,201,865	\$ 570,025	\$ 14,211,273	\$ 19,687,422

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - DETAIL FOR BUSINESS ACTIVITIES

SEPTEMBER 30, 2016

	Firwood	Richardson Bridge	Heeran Center	Signpost	Other Busines Activities	Totals
70300 Net Tenant Rental Revenue	\$ 522,747	\$ 216,854	\$ 166,600	\$ 86,718	\$ -	\$ 992,919
70710 Management Fee	-	-	-	-	143,596	143,596
70800 Other Government Grants	-	-	60,673	-	1,543,376	1,604,049
71100 Investment Income - Unrestricted	-	11	-	-	273,495	273,506
71200 Mortgage Interest Income	-	-	-	-	267	267
71500 Other Revenue	9,059	3,090	-	6,565	1,144,770	1,163,484
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	(172,952)	(172,952)
72000 Investment Income - Restricted	20	-	81	-	-	101
70000 Total Revenue	531,826	219,955	227,354	93,283	2,932,552	4,004,970
91100 Administrative Salaries	57,485	-	2,778	1,005	251,770	313,038
91200 Auditing Fees	1,468	506	41	-	1,860	3,875
91300 Management Fee	-	15,302	-	12,996	-	28,298
91400 Advertising and Marketing	-	283	-	-	3,240	3,523
91500 Employee Benefit contributions - Administrative	29,279	56	1,778	431	149,537	181,081
91600 Office Expenses	4,586	8,833	175	2	17,219	30,815
91700 Legal Expense	134	452	-	-	388	974
91800 Travel	126	-	-	-	2,054	2,180
91900 Other	1,349	4,493	872	228	88,320	95,262
91000 Total Operating - Administrative	94,427	29,925	5,644	14,662	514,388	659,046
92000 Asset Management Fee	-	10,000	-	-	-	10,000
92200 Relocation Costs	-	-	-	221	-	221
92400 Tenant Services - Other	309	-	-	-	-	309
92500 Total Tenant Services	309	10,000	-	221	-	10,530
93100 Water	16,562	7,521	-	3,010	143	27,236
93200 Electricity	9,077	3,905	-	2,154	95	15,231
93300 Gas	-	-	-	410	-	410
93600 Sewer	20,914	12,926	-	3,563	38	37,441
93000 Total Utilities	46,553	24,352	-	9,137	276	80,318

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - DETAIL FOR BUSINESS ACTIVITIES

SEPTEMBER 30, 2016

	Firwood	Richardson Bridge	Heeran Center	Signpost	Other Busines Activities	Totals
94100 Ordinary Maintenance and Operations - Labor	\$ 13,963	\$ -	\$ 8,183	\$ -	\$ 43,338	\$ 65,484
94200 Ordinary Maintenance and Operations - Materials and Other	6,243	17,244	8,515	11,476	545,566	589,044
94300 Ordinary Maintenance and Operations Contracts	44,777	74,119	23,562	9,215	91,468	243,141
94500 Employee Benefit Contributions - Ordinary Maintenance	12,879	-	9,277	(1)	11,937	34,092
94000 Total Maintenance	<u>77,862</u>	<u>91,363</u>	<u>49,537</u>	<u>20,690</u>	<u>692,309</u>	<u>931,761</u>
95200 Protective Services	-	-	-	2	820	822
96110 Property Insurance	7,170	3,793	2,171	-	-	13,134
96140 All Other Insurance	-	-	-	1,237	3,915	5,152
96100 Total insurance Premiums	<u>7,170</u>	<u>3,793</u>	<u>2,171</u>	<u>1,237</u>	<u>3,915</u>	<u>18,286</u>
96200 Other General Expenses	83,954	-	1,908	-	109,873	195,735
96400 Bad debt - Tenant Rents	1,003	432	-	-	-	1,435
96000 Total Other General Expenses	<u>84,957</u>	<u>432</u>	<u>1,908</u>	<u>-</u>	<u>109,873</u>	<u>197,170</u>
96710 Interest of Mortgage (or Bonds) Payable	42,161	-	27,054	1,325	7,783	78,323
96900 Total Operating Expenses	<u>353,439</u>	<u>159,865</u>	<u>86,314</u>	<u>47,274</u>	<u>1,329,364</u>	<u>1,976,256</u>
97000 Excess of Operating Revenue over Operating Expenses	<u>178,387</u>	<u>60,090</u>	<u>141,040</u>	<u>46,009</u>	<u>1,603,188</u>	<u>2,028,714</u>
97300 Housing Assistance Payments	-	-	-	-	54,141	54,141
97400 Depreciation Expense	64,088	72,650	54,733	14,581	36,467	242,519
90000 Total Expenses	<u>417,527</u>	<u>232,515</u>	<u>141,047</u>	<u>61,855</u>	<u>1,419,972</u>	<u>2,272,916</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 114,299</u>	<u>\$ (12,560)</u>	<u>\$ 86,307</u>	<u>\$ 31,428</u>	<u>\$ 1,512,580</u>	<u>\$ 1,732,054</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF CAPITAL FUND PROGRAM
YEAR ENDED SEPTEMBER 30, 2016**

1. The actual Modernization Costs on Modernization Project No. OR16P006501-13 is as follows:

	Funds Approved	Funds Expended	Excess of Funds Approved	Funds Advanced	Funds Expended	Excess of Funds Advanced
Operations	\$ 185,445	\$ 185,445	\$ -	\$ 185,445	\$ 185,445	\$ -
Management improvement	53,910	53,910	-	53,910	53,910	-
Administration	92,727	92,727	-	92,727	92,727	-
Audit	2,000	2,000	-	2,000	2,000	-
Fees and costs	31,466	31,466	-	31,466	31,466	-
Site improvements	132,173	132,173	-	132,173	132,173	-
Dwelling structures	348,235	348,235	-	348,235	348,235	-
Dwelling equipment	35,399	35,399	-	35,399	35,399	-
Non-dwelling structures	45,003	45,003	-	45,003	45,003	-
Relocation costs	918	918	-	918	918	-
	<u>\$ 927,276</u>	<u>\$ 927,276</u>	<u>\$ -</u>	<u>\$ 927,276</u>	<u>\$ 927,276</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. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

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

PHA Name: Housing And Community Services Agency of Lane County	Modernization Project Number: OR16P006501-13
---	---

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	\$ 927,276.00
B. Funds Disbursed	\$ 927,276.00
C. Funds Expended (Actual Modernization Cost)	\$ 927,276.00
D. Amount to be Recaptured (A-C)	\$ -0-
E. Excess of Funds Disbursed (B-C)	\$ -0-

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

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

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

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

6. 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:

10.31.16

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

Laure Lawson

Date:

11/14/16

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

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2016

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.

Status – HACSA continues its partnership with Nelrod, a consultant specializing in HUD Housing programs, to complete the utility allowance (UA) schedules in the fall of every year. 2018 UA schedules are slotted for arrival in October 2017 for a January 2018 implementation.

HACSA is also reviewing all participants at the time of the annual income review to assess whether the correct UA was utilized. For any incorrect UAs a retro calculation is performed. If the corrected version results in a change to the tenant portion of rent, the money that should have been paid to the family is then provided for the time frame in which the incorrect UA was in use. As of May 2017 approximately \$500 has been provided to tenants to rectify this error.

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, 2016, and the related notes to the financial statements, which collectively comprise HACSA's basic financial statements, and have issued our report thereon dated June 30, 2017. 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.



Ronald Montplaisir, Partner
For Bjorklund & Montplaisir
Portland, Oregon
June 30, 2017

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

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 Compliance Supplement* that could have a direct and material effect on each of HACSA's major federal programs for the year ended September 30, 2016. 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 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. 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. HACSA'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 the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Ronald Montplaisir, Partner
For Bjorklund & Montplaisir
Portland, Oregon
June 30, 2017

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Subgrant ID Number	2016 Expenditures
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Housing Choice Vouchers	* 14.871	N/A	\$19,715,368
Public Housing	* 14.850	N/A	1,786,926
Public Housing Capital Fund Program	* 14.872	N/A	1,209,494
Shelter Plus Care	14.238	N/A	379,437
Resident Opportunity and Support Services- Service Coordinator	14.870	N/A	310,010
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	89,821
Fourteen Pines	14.103	N/A	282,990
			372,811
Passed through Oregon Housing and Community Services Dept.- Section 8 New Construction and Substantial Rehabilitation - Abbie Lane Apartments	14.182	N/A	188,084
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
Bascom Village II			254,206
			4,728,050
Total Department of Housing and Urban Development			30,817,051

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Subgrant ID Number</u>	<u>2016 Expenditures</u>
Under States Department of Agriculture			
Direct Programs:			
Rural Rental Housing Loan - Camas Apartments	10.415	N/A	\$ 435,258
Rural Rental Housing Loan - Norsemen Village	10.415	N/A	<u>1,825,808</u>
			<u>2,261,066</u>
Rural Rental Assistance Payments - Camas Apartments	10.427	N/A	111,281
Rural Rental Assistance Payments - Norsemen Village	10.427	N/A	<u>205,368</u>
Total Department of Agriculture			<u>316,649</u>
U.S. Department of Energy			
Passed through Lane County, Oregon:			
Weatherization Assistance for Low Income Persons	81.042	25765	148,148
Bonneville Power Administration	81.042	25765	<u>418,229</u>
Total Department of Energy			<u>566,377</u>
U.S. Department of Health and Human Services			
Passed through Lane County, Oregon-			
Low Income Home Energy Assistance Program	93.568	25765	<u>666,363</u>
Total expenditures of federal awards			<u>\$34,627,506</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, 2016**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Housing And Community Services Agency of Lane County ("HACSA"), a component unit of Lane County, Oregon, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of HACSA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of HACSA.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. HACSA has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LOAN PROGRAM

HACSA has received loans funded by programs of U.S. Department of Agriculture. The loan balances outstanding at the beginning of the year are included in the federal expenditures presented in the Schedule. HACSA received no additional loans during the year ended September 30, 2016. The balance of the loans outstanding at September 30, 2016 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance</u>
10.415	Rural rental housing loans	<u>\$2,226,873</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED SEPTEMBER 30, 2016

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? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X 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 200.516 X Yes _____ 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
Dollar threshold used to distinguish between Type A and Type B programs	<u>\$765,348</u>
Auditee qualified as low-risk auditee?	_____ 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, 2016

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

Finding No. 2016-001 – CFDA 14.850 – Public Housing

Criteria or Specific Condition – In the case where a Central Office Cost Center (COCC) chooses to centralize functions that directly support a project (e.g., central maintenance), it must charge each project using a fee-for-service approach, with the exception of charges for rent collections, resident services, security/protective services, waiting lists, and work-order processing (see section 7.10 of the Supplement to Handbook 7475.1). Each project must be charged for the actual services received and only to the extent that such amounts are reasonable. Guidance on fee reasonableness for centralized service fees is provided in Section 7.10 in the Supplement to HUD Handbook 7475.1. HUD considers any fees that are within HUD guidance to be reasonable. Public Housing Agencies (“PHAs”) are requested to consult with HUD regarding any fees that depart from HUD guidance and HUD will provide its view on the reasonableness of the fees. Any fees above the HUD guidelines that have not been approved by HUD need to be reviewed in detail to determine if the additional costs are justified by local conditions or other factors (24 CFR section 990.280(d)).

Condition – HACSA should conform to Financial Report Model No.1 PHAs under Asset Management with COCC as described in HUD Accounting Brief #16 and is required to use a fee-for-service approach for asset management costs incurred by PHAs. During the year ended September 30, 2016, HACSA used a mixed model of a fee-for-service and allocated overhead.

Effect – HACSA was not in compliance with HUD regulations with regards to the allocation of asset management costs for Public Housing for its interim reports.

Cause – In the prior year, HACSA was using only a fee-for-service approach for asset management costs for Public Housing while using allocated overhead for other programs. During the year ended September 30, 2016, HACSA’s overhead allocation computation from COCC to various programs other than Public Housing was revamped to reflect more accurate allocation ratios based on adequate cost drivers for various activities. During this process, it was an oversight to include Public Housing as part of this overhead allocation analysis.

Recommendation – We recommend overhead costs allocation analysis to be closely reviewed by the directors who have thorough understanding of the compliance requirements of the major federal programs.

Response – HACSA removed \$444,119 of overhead allocation charges from COCC to Public Housing as part of the year-end closing process. Going forward, the finance director and deputy director will closely review the analysis of overhead allocations to ensure compliance with HUD requirements for Public Housing. In May of 2017, HACSA engaged Casterline Associates P.C., a HUD expert, to review HACSA’s overhead allocation plan and to provide best practice recommendations.

**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, 2016.

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, 2015 through September 30, 2016

The finding from the September 30, 2016 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

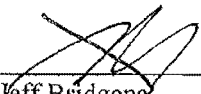
Finding No. 2016-001 – CFDA 14.850 – Public Housing

Recommendation: We recommend overhead costs allocation analysis to be closely reviewed by the directors who have thorough understanding of the compliance requirements of the major federal programs.

Planned Corrective Action: HACSA removed \$444,119 of overhead allocation charges from COCC to Public Housing as part of the year-end closing process. Going forward, the finance director and deputy director will closely review the analysis of overhead allocations to ensure compliance with HUD requirements for Public Housing. In May of 2017, HACSA engaged Casterline Associates P.C., a HUD expert, to review HACSA's overhead allocation plan and to provide best practice recommendations.

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

Sincerely,



Jeff Bridgens
Housing And Community Services
Agency of Lane County

4/30/17

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, 2016, and the related notes to the financial statements, which collectively comprise HACSA’s basic financial statements, and have issued our report thereon dated June 30, 2017.

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 30, 2017