

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

**Financial Statements and Supplementary Information
for the year ended September 30, 2014 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, 2014

BOARD OF COMMISSIONERS

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

ADMINISTRATION

Larry Abel	Executive Director
Jacob Fox	Deputy Director
Valerie Warner	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 its discretely presented component units, as of and for the year ended September 30, 2014, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

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, 2014, 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.

Emphasis of a Matter

As described in Note 16 to the financial statements, effective October 1, 2013, HACSA adopted the provisions of Government Accounting Standards Board (GASB) Statements No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise HACSA's basic financial statements. The supplementary information on pages 40 through 54, and the schedule of expenditures of federal awards on pages 64 through 67, is presented for purposes of additional analysis and is not a required part of the 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise HACSA's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015, 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 26, 2015 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.

Bjorklund & Montclair

Portland, Oregon
June 26, 2015

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, 2014. Please read it in conjunction with the Agency's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The Agency reported combined net position (assets less liabilities) of \$48,981,075 as of September 30, 2014. This represents an increase of \$332,567 or .7% from the prior year net position of \$48,648,508.
- Total assets were \$57,777,220 which was a decrease of \$269,157 or .5% from FY 2013 total assets of \$58,046,377.
- Total liabilities were \$8,796,145 which was a decrease of \$601,724 or 6.4% from FY 2013 total liabilities of \$9,397,869.
- 25.7%, or \$12,579,429, of combined net position was unrestricted and therefore had no constraints on future use. This compares to \$11,569,728, the amount for the prior year.
- Total operating revenue for the year ended September 30, 2014 aggregated \$26,749,654, an increase of \$461,861 or 1.8% over the prior year.
- Total net operating loss was \$804,158 for fiscal year 2014. In the prior year, total net operating loss was \$1,009,516; a decrease of \$205,358.

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, 2014.

The basic financial statements for the fiscal year ended September 30, 2014, 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 and Laurel Gardens Limited Partnership. The discretely presented component unit column includes eight low-income housing tax credit limited partnerships/limited liability corporations. For a more detailed discussion of the reporting entity, see Notes to the Financial Statements #1.

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

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

Overview of the Financial Statements

The Statement of Net Position presents HACSA's financial position as of September 30, 2014. 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, 2014.

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 the Agency'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 \$48,961,075 at the close of the fiscal year. Net position increased by \$332,567 over the prior year's figure of \$48,648,508. The following table provides a summary of HACSA's net position for 2014 compared to 2013.

**TABLE 1
NET POSITION**

	September 30,	
	2014	2013
Current Assets	\$ 9,180,754	\$ 9,072,359
Fixed Assets, Net	40,927,240	41,019,094
Other Assets	7,669,226	7,954,924
Total Assets	<u>57,777,220</u>	<u>58,046,377</u>
Current Liabilities	1,429,505	2,082,325
Noncurrent Liabilities	7,366,640	7,315,544
Total Liabilities	<u>8,796,145</u>	<u>9,397,869</u>
Net Position:		
Investment in Capital Assets, net of related debt	34,000,673	34,366,956
Restricted Net Position	2,364,278	2,711,824
Unrestricted Net Position	<u>12,616,124</u>	<u>11,569,728</u>
Net Position	<u>\$ 48,981,075</u>	<u>\$ 48,648,508</u>

The entity-wide increase in net position of \$332,567 is the sum of the results of HACSA's various programs, most of which typically experience a reasonably narrow range of variability in operating results from year to year. During FY2014 the Rural Rental Assistance projects report an increase in net position of \$134,781, significantly less than the prior year increase of \$1,944,107. The prior year increase was due to inclusion of capital grant funds of approximately \$2 million, which can be seen on the chart below on the line labeled Development Grants. Other programs did not perform significantly different than in the prior year.

**TABLE 2
CHANGES IN NET POSITION**

	Year Ended September 30,	
	2014	2013
Operating Revenues:		
Dwelling Rent	\$ 4,022,644	\$ 3,668,717
Housing Assistance Grants	16,672,003	16,943,709
HUD Operating Subsidies	3,364,870	3,206,761
Other Government Grants	1,910,328	1,262,573
Other Income	779,809	1,206,033
	<u>26,749,654</u>	<u>26,287,793</u>
Operating Expenses:		
Housing Assistance Payments	15,714,032	15,909,232
Administration	4,771,909	4,651,625
Tenant Services	64,998	64,820
Utilities	839,126	810,831
Ordinary Maintenance	4,072,806	3,960,967
Protection Services	21,757	21,533
Insurance Premiums	166,977	153,732
Other General	411,084	379,963
Non-routine Maintenance	88,662	19,340
Depreciation	1,402,461	1,325,266
	<u>27,553,812</u>	<u>27,297,309</u>
Total Operating Expenses		
Operating Loss	(804,158)	(1,009,516)
Nonoperating Revenue, Expense and Capital Contributions:		
Interest Income	289,130	312,872
Gain on acquisition of limited partner interests	-	296,294
Equity in loss of limited partnerships	(501)	(182)
HUD Capital Grants	908,733	1,118,212
Development Grants	187,841	2,001,624
Interest Expense	(228,605)	(223,770)
	<u>(228,605)</u>	<u>(223,770)</u>
Increase in Net Position	<u>\$ 352,440</u>	<u>\$ 2,495,534</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

During fiscal year 2014, \$1,418,352 was added to total capital assets, before depreciation. The most significant item was the purchase of a piece of land for \$407,000. This land will later be donated to a limited partnership and will be the site of a tax credit funded development project called The Oaks-at-14th. Other capital improvements include parking lot improvements, fencing, kitchen remodels and other minor work to HACSA's public housing. Overall, \$981,902 was spent on site and building improvements and \$23,166 on equipment. The cost of these improvements will remain in the construction in progress line until the capital grant funding the work is closed out.

**TABLE 3
CAPITAL ASSETS**

	September 30,	
	2014	2013
Land	\$ 9,176,774	\$ 8,740,324
Buildings and improvements	61,447,813	61,482,478
Furniture and equipment	2,945,569	2,956,233
Construction in progress	1,524,300	615,233
Totals	75,094,456	73,794,268
Less: accumulated depreciation	(34,167,216)	(32,775,174)
Net Capital Assets	\$ 40,927,240	\$ 41,019,094

Long-term Debt

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

Long-term debt from bonds and notes totals \$6,907,872 on September 30, 2014. This is a net increase of \$37,043 over the prior year's total of \$6,870,829. New debt in FY2014 includes a \$400,000 note payable for the land purchased for The Oaks-at-14th project and \$178,211 increase to the Norseman Village debt as a construction loan was converted to a permanent loan and accrued interest was added to principal.

**TABLE 4
LONG TERM DEBT**

	September 30,	
	2014	2013
Bonds, net of accretion of bond discount	\$ 496,178	\$ 564,186
Notes payable	6,411,694	6,306,643
Total	\$ 6,907,872	\$ 6,870,829

BUDGETS, SIGNIFICANT CHANGES AND ECONOMIC FACTORS

HACSA's budget for the year ended September 30, 2014 was approved by the HACSA Board of Commissioners in September 2013. 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. The budget authorized total spending of \$27,299,200, allocated to HACSA's major programs as follows.

TABLE 5
BUDGET ALLOCATIONS FOR FISCAL YEAR 2014

Section 8 Division	\$ 17,132,800
Public Housing Division	6,654,500
Community Services Division	<u>3,511,900</u>
Total	<u><u>\$ 27,299,200</u></u>

HACSA's budget is primarily supported by federal funds (84%), with the majority coming from the Department of Housing and Urban Development (76%). Consequently, HACSA is affected more by Federal budget appropriations than by local economic conditions.

The budget for the year ending September 30, 2015 was approved by the HACSA Board on September 30, 2014.

TABLE 6
BUDGET ALLOCATIONS FOR FISCAL YEAR 2015

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

HUD Funding

In January 2014, in a rare moment of bipartisanship, Congress passed a budget for FY 2014. We were previously under a continuing resolution for four of the past six years. The FY 2014 budget resulted in significant increases compared to our austere FY 2013 budget, which included sequestration. Congress was able to carry this budget forward to FY 2015 (with small increases for inflation).

On June 9, 2015 the House of Representatives approved its FY 2016 Transportation, Housing and Urban Development (THUD) spending bill. This bill makes cuts to critical housing and community development programs and has been threatened with a veto by President Obama. The Senate Appropriations THUD Subcommittee approved its 2016 spending bill on June 23, 2015. The full Senate Appropriations Committee will consider the bill on June 25th. The bill maintains the cost of assistance to all families currently served by the public housing and housing choice voucher programs. However, cuts were made to several key housing and community development programs, most notably HOME, which was cut 93% from its historically low level of \$900 million to just \$66 million. HOME is the only national grant program designed specifically for the production of affordable housing. The bill also makes a \$132 million cut to the public housing capital fund. This would result in another decrease in HACSA's capital grant. The inability of Congress to jointly pass a budget that the President will sign could lead to a continuing resolution with the risk of significant decreases and a return to sequestration.

HACSA Programs

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

Section 8 Housing Choice Vouchers Program

The Section 8 (Housing Choice Voucher) program is funded by HUD on a calendar year and funding is based on the housing authority's lease rate in the prior year. If the housing authority had 100% of available vouchers under lease in the prior year, then the subsequent year's funding will be based on that amount, usually modified by a small margin (i.e. 1%) to accommodate increasing per unit costs, and then further modified by a proration percentage that reflects the availability and/or allocation of federal funds to the program. For calendar 2014, HACSA's lease rate averaged 93.87% of the 2,817 vouchers available. For calendar 2015, funding was based on this low lease rate and further modified by a 99.4% proration. In early 2015, HACSA began a push to raise the lease rate and as of June 23, 2015, it is back up to 99.9%. Depending on per unit costs, it is likely that HAP expense will exceed HAP revenue for 2015 and the agency will draw down reserves during the year. Our goal is for 2016 funding to be based on a 2015 lease rate of 100%.

At the start of calendar 2014, HACSA also had an allocation of 160 vouchers for homeless veterans under the HUD-Veterans Affairs Supportive Housing (VASH) program. We received an additional allocation of 51 VASH vouchers in October 2014. Funding for the VASH program is adequate. As of May, 2015, this program is at a 74.88% lease rate. Housing homeless veterans is a priority in our community. HACSA is partnering with Lane County, the City of Eugene, the Department of Veterans Affairs and many non-profits and individuals in a community-wide effort, "Operation 365 Veterans", to end veteran homelessness this year.

Administrative fees for the Housing Choice Voucher program are based on the number of vouchers leased at the beginning of each month multiplied by an amount deemed reasonable by HUD for successful program administration in our locality. The resulting amount is then prorated at 74 % (as compared to 75% last year). This deliberate underfunding puts a tremendous burden on staff to deliver program services in a timely fashion.

Public Housing Program

HACSA has a total of six Asset Management Projects (AMPS), which encompass all of our 708 public housing units. HUD funded our Public Housing operating subsidy for calendar year 2015 at 82.35% (as compared to 89% last year) of the amount that they considered adequate. Again, our property management and maintenance staffs are extremely overworked.

In addition to operating subsidies, HUD provides PHAs with capital grants for improvements to and modernization of public housing units. The following chart illustrates that the total cap grant and cap grant per unit are on a downward trend over the last 6 years, making it difficult to maintain the public housing stock.

**TABLE 7
CAPITAL GRANTS**

<u>Year</u>	<u>Total Capital Grant</u>	<u>Per Unit</u>
2010	1,256,000	1,774
2011	1,043,757	1,474
2012	961,540	1,358
2013	927,276	1,310
2014	965,384	1,364
2015	952,712	1,346

Community Development

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

Weatherization

Cost effective measures are installed by private contractors and are paid for with public and private funds from federal grants and participating electric and national gas utilities. Fifteen separate funding sources make up this year's budget. Funding aggregated \$1,501,324 during the fiscal year ended September 30, 2014. This was quite a significant increase from the 2013 amount of \$1,001,056. The increase was achieved by a new program manager who was given a clear goal to reinvigorate the program.

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 49 unit development. This construction will begin in the summer of 2015. In June 2015, federal low-income housing tax credits were awarded to HACSA for the construction of The Oaks-at-14th, a 55 unit development being built as permanent housing for ex-offenders who successfully graduate from a transitional housing program. Construction of The Oaks-at-14th is expected to begin in April 2016.

HUD's Real Estate Assessment Center (REAC)

REAC evaluates all public housing authorities (PHAs) on an annual basis. Using the Public Housing Assessment System (PHAS), PHAs are rated for the physical status of their properties, financial condition, management proficiency, and capital fund compliance. An aggregate score of 90 or above designates the PHA as a "High Performer." HACSA has received a high performer designation since PHAS scoring has been in place, and continues the trend with a score of 92 out of 100 for the year ended September 30, 2014.

TABLE 8
PUBLIC HOUSING ASSESSMENT SYSTEM
Fiscal Year 2014

PHAS Indicators	Score	Maximum Score
Physical	37	40
Financial	23	25
Management	22	25
Capital Fund	10	10
PHAS Total Score	92	100

CONTACTING HACSA'S FINANCIAL MANAGEMENT

This financial report is intended to provide its citizens, 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 Valerie Warner, Finance Director, Housing And Community Services Agency of Lane County, 177 Day Island Road, Eugene, OR, 97401; email: vwarner@hacsa.us; telephone: (541) 682-2525.

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BASIC FINANCIAL STATEMENTS

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

STATEMENT OF NET POSITION SEPTEMBER 30, 2014

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,211,734	\$ 601,628
Restricted cash and cash equivalents	2,502,400	1,442,640
Short-term investments	2,672,755	-
Accounts receivable:		
HUD	190,725	-
Tenants	58,086	2,078
Other	1,172,821	41,742
Interest receivable	19,040	-
Due from HACSA	-	24,314
Notes receivable	26,339	-
Inventories	61,956	-
Prepaid expenses	264,898	22,660
Total current assets	<u>9,180,754</u>	<u>2,135,062</u>
NONCURRENT ASSETS:		
Interest receivable	1,238,524	-
Notes receivable from component units and related parties	4,783,420	-
Investments in limited partnerships	1,319,730	-
Other	327,552	570,359
Capital assets:		
Nondepreciable	10,701,074	1,946,871
Depreciable	<u>30,226,166</u>	<u>20,782,652</u>
Total capital assets	<u>40,927,240</u>	<u>22,729,523</u>
Total noncurrent assets	<u>48,596,466</u>	<u>23,299,882</u>
Total assets	<u><u>\$ 57,777,220</u></u>	<u><u>\$ 25,434,944</u></u>

	Primary Government	Discretely Presented Component Units
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 246,019	\$ 32,679
Accrued payroll expenses	45,622	-
Other accrued liabilities	138,952	18,441
Accrued interest	20,847	8,614
Payable to HACSA	-	213,532
Refundable security deposits	357,655	116,600
Prepaid rent	2,583	7,468
Current portion of compensated absences	268,848	-
Current portion of bonds and notes payable	348,979	93,220
Total current liabilities	<u>1,429,505</u>	<u>490,554</u>
NONCURRENT LIABILITIES:		
Compensated absences, net of current portion	115,220	-
Bonds and notes payable, net of current portion	6,558,893	6,119,293
Notes payable - HACSA	-	4,771,459
Family self sufficiency escrow	358,443	-
Payable to HACSA	-	191,621
Accrued interest - HACSA	-	1,064,597
Total noncurrent liabilities	<u>7,366,640</u>	<u>12,146,970</u>
Total liabilities	<u>8,796,145</u>	<u>12,637,524</u>
NET POSITION:		
Net investment in capital assets	34,019,368	11,553,930
Restricted	2,364,278	1,329,430
Unrestricted	12,597,429	(85,940)
Net position	<u>48,981,075</u>	<u>12,797,420</u>
Total liabilities and net position	<u>\$ 57,777,220</u>	<u>\$ 25,434,944</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, 2014**

	Primary Government	Discretely Presented Component Units
OPERATING REVENUES:		
Dwelling rent	\$ 4,022,644	\$ 1,505,972
Housing assistance grants	16,672,003	-
HUD operating subsidies	3,364,870	-
Other government grants	1,910,328	61,470
Other income	779,809	19,770
Total operating revenues	<u>26,749,654</u>	<u>1,587,212</u>
OPERATING EXPENSES:		
Housing assistance payments	15,714,032	-
Administration	4,771,909	377,951
Tenant services	64,998	-
Utilities	839,126	225,331
Ordinary maintenance	4,072,806	308,038
Protection services	21,757	-
Insurance premiums	166,977	62,133
Other general	411,084	-
Non-routine maintenance	88,662	-
Depreciation	1,402,461	1,100,857
Total operating expenses	<u>27,553,812</u>	<u>2,074,310</u>
OPERATING LOSS	<u>(804,158)</u>	<u>(487,098)</u>
NONOPERATING REVENUES (EXPENSES):		
Equity in income (loss) of limited partnerships	(501)	-
Other nonoperating expenses	-	(142,912)
Interest income	289,130	1,292
Interest expense	(228,605)	(469,226)
Total nonoperating revenues (expenses)	<u>60,024</u>	<u>(610,846)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(744,134)</u>	<u>(1,097,944)</u>
CAPITAL CONTRIBUTIONS:		
HUD capital grants	908,733	-
Development grants	187,841	-
Limited partner contributions	-	1,727,491
Total capital contributions	<u>1,096,574</u>	<u>1,727,491</u>
Increase in net position	352,440	629,547
Net position - Beginning of the year - as restated	<u>48,628,635</u>	<u>12,167,873</u>
Net position - End of the year	<u>\$ 48,981,075</u>	<u>\$ 12,797,420</u>

See notes to the financial statements.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2014

	<u>Primary Government</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from HUD grants	20,027,148
Receipts from state, local and other grants	1,877,938
Receipts from tenants and landlords	3,983,005
Receipts from others	779,809
Housing assistant payments	(15,714,032)
Payments to and on behalf of employees	(5,877,630)
Payments to vendors, contractors and others	(4,707,666)
	<u>368,572</u>
Net cash provided by operating activities	<u>368,572</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from bonds and notes payable	578,211
Interest paid on bonds and notes payable	(391,604)
Principal payments on bonds and notes payable	(541,168)
HUD capital and other nonoperating contributions	1,304,700
Acquisition and construction of capital assets	(1,498,276)
Additions to other assets	(306,535)
	<u>(854,672)</u>
Net cash used in capital and related financing activities	<u>(854,672)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from maturity of investments	799,256
Purchase of investments	(1,001,787)
Changes in restricted investments	108,019
Collection on notes receivable from component unit and related party	3,207
Change in payable to component units	(17,430)
Interest income received	65,706
	<u>65,706</u>
Net cash used in investing activities	<u>(43,029)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(529,129)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>5,243,263</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 4,714,134</u></u>
CASH AND CASH EQUIVALENTS	
Unrestricted cash	\$ 2,211,734
Restricted cash	<u>2,502,400</u>
	<u><u>\$ 4,714,134</u></u>

(Continued)

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2014

	<u>Primary Government</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	\$ (804,158)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	1,402,461
(Increase) decrease in:	
Receivables	104,648
Prepaid expenses	(155,494)
Inventories	98,964
Increase (decrease) in:	
Accounts payable and other accrued liabilities	(308,200)
Prepaid rent	(1,373)
Refundable security deposits	5,469
Family self sufficiency escrow	26,255
Net cash provided by operating activities	<u>\$ 368,572</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:	
Retirement of fixed assets through reduction of accounts payable - capital assets	<u>\$ 107,500</u>
	(Concluded)

See notes to the financial statements.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

1. FINANCIAL REPORTING ENTITY

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

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

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

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

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

Blended Component Units - The following entities are reported as blended component units of HACSA at September 30, 2014:

	<u>Number of Units</u>	<u>Location</u>
• HousingPlus		
• HACSA Partner LLC		
• Walnut Park Limited Partnership (“Walnut Park”)	32	Eugene, Oregon
• The Orchards Limited Partnership (“Orchards”)	25	Eugene, Oregon
• Laurel Gardens Limited Partnership (“Laurel Gardens”)	<u>41</u>	Eugene, Oregon
	<u>98</u>	

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

1. FINANCIAL REPORTING ENTITY - Continued

HousingPlus is an Oregon nonprofit entity formed to provide support services to HACSA residents and possibly develop affordable housing in Lane County, Oregon. HACSA has advanced funds to HousingPlus for the predevelopment phase of 20 new affordable single family homes. In addition, management of HACSA manages the daily operation of HousingPlus.

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

HACSA is the general partner and HACSA Partner LLC is the limited partner in each of the limited partnerships listed above which are hereafter referred to as “blended limited partnerships”. Each of the blended limited partnerships and the underlying projects were developed pursuant to the low-income housing tax credits program of Section 42 of the Internal Revenue Code (“Section 42”). Section 42 regulates the use of each project as to occupant eligibility and unit gross rents among other requirements for an initial compliance period of fifteen years plus and extended use period for an additional fifteen year period. Construction of each of the projects was financed in part by the sale of tax credits to limited partner investors. At the end of the initial fifteen year compliance period, the initial investor limited partners assigned their limited partnership interests to HACSA Partner LLC and exited the partnership. The limited partnership interest of Walnut Park, Orchards and Laurel Gardens were assigned to HACSA in a prior year. Condensed financial information for the blended limited partnership is included in Note 14.

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, 2013 and for the year then ended:

	<u>Date Formed</u>	<u>Number of Units</u>	<u>Location</u>
• Jacob’s Lane Limited Partnership	07/24/98	63	Eugene, Oregon
• Hawthorn-at-29 th LLC	07/28/11	35	Eugene, Oregon
• New Winds Apartments Limited Partnership	12/21/05	18	Florence, Oregon
• Roosevelt Crossing Limited Partnership	06/06/08	45	Eugene, Oregon
• Sheldon Village I Limited Partnership	09/01/01	43	Eugene, Oregon
• Sheldon Village II Limited Partnership	07/01/02	35	Eugene, Oregon
• Munsel Park Limited Partnership	11/14/00	44	Florence, Oregon
• Turtle Creek Limited Partnership	02/13/07	<u>27</u>	Eugene, Oregon
		<u>310</u>	

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

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of HACSA's enterprise fund are U.S. Housing and Urban Development (HUD) housing assistance payments earned, Public Housing Operating Subsidies, HUD administrative fees and rental income from its public and affordable housing units. 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, 2014

2. 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 708 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 owners 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, 2014, HACSA administered approximately 2,977 vouchers including 160 Veterans Administration Supportive Housings vouchers that provide housing assistance for homeless veterans.
- Affordable Housing and Special Needs Housings – In addition to the 708 units of Public Housing, HACSA manages an additional 907 affordable housing units of which 419 are owned directly by HACSA in 10 different multifamily properties; 98 are owned by three limited partnerships in which HACSA has 100% ownership interest, and 310 units are owned by eight limited partnerships/limited liability corporations in which HACSA is either the general partner or managing member. Of the 907 affordable housing units, there are 106 units in four different multifamily properties that have been developed to serve special needs of residents as follows:
 - Roosevelt Crossing - Transitional housing targeted to ex-offenders who have just been released from incarceration.
 - Heeran Center - Residential mental health treatment facility. On March 2, 2015, the state of Oregon suspended the license of the facility operator to provide 24 hour secure residential treatment services under OAR 309-033-0520(3) at Heeran Center. The residents have been removed from the facility and the Oregon Department of Addictions and Mental Health is searching for a new operator for the facility.
 - 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, 2014

2. 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 phase at September 30, 2014:
 - *The Oaks-at-14th* - On January 21, 2014, HACSA acquired a project site in Eugene, Oregon for \$407,000 to develop 55 affordable multi-family units for ex-offenders transitioning to the community.
 - *6th & Oak* is a 55-100 residential unit affordable housing development located in 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 payment due under the ground lease term.
 - *Bascom Village Phase II* - HACSA has received tax credit allocation and GHAP funding from Oregon Housing Community Services in December 2014 for the development of Bascom Village Phase II, a 49-unit affordable multi-family development located in Eugene, Oregon. Construction will begin in July 2015 and is scheduled to be completed in October 2016.
 - *Glenwood Place* is a 100-150 residential unit affordable housing development in Glenwood, Oregon. HACSA is negotiating an option agreement to purchase the project site and will pursue funding for this project in 2016 or 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. At September 30, 2014, the HACSA's cash and cash equivalents are deposited with various banks and financial institutions, some in excess of the federally insured amount of \$250,000. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds and therefore considered to be fully collateralized.

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

Accounts Receivable - Accounts receivable are shown at net realizable value. The balances at September 30, 2014 are considered fully collectable.

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

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

2. 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. As of September 30, 2014, there has been no impairment of the capital assets.

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.

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.

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

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

2. 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 adapt 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. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2011 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 has concluded that there was no OPEB as of September 30, 2014.

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, 2014

3. CASH AND CASH EQUIVALENTS

Total cash and cash equivalents at September 30, 2014 was \$4,714,134, of which \$2,211,734 was unrestricted and \$2,502,400 was restricted. Restricted cash and cash equivalents at September 30, 2014 include the following:

Family self-sufficiency program reserves	\$ 356,353
Replacement reserves	1,461,405
Residual receipts reserves	10,345
Mortgage escrow deposits	49,236
Tenant security deposits	354,382
Bond reserves	204,443
Operating reserves	<u>66,236</u>
Total restricted cash and cash equivalent	<u>\$2,502,400</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.

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 expense to the extent collected gross receipts are insufficient for such purpose.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

4. 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, 2014 consist the following:

Oregon Treasurer's Local Government Investment Pool (LGIP)	\$1,868,755
Federal Home Loan Bank Discount Note, coupon rate 0.0%, maturity date 12/03/2014, rated P-1 by Moody's and A-1+ by S&P	<u>804,000</u>
Total investments – short-term	<u>\$2,672,755</u>

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

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

Investment Risk Disclosures

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

Credit Risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. HACSA minimize 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, 2014

4. 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). At September 30, 2014, 43% of total investments were invested in Federal Home Loan Bank Discount Note.

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, 2014, none of the HACSA’s investments are exposed to custodial credit risk.

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 and utility companies for amounts expended in the Weatherization and various other grant programs.

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

Other Receivables at September 30, 2014 include the following:

Other government grants	\$ 383,154
Receivables from component unit	732,611
Other receivables	<u>57,056</u>
	<u>\$1,172,821</u>

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

Fraud Recovery – HACSA has recorded accounts receivable of \$222,242 at September 30, 2014 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, 2014.

6. INVESTMENT IN LIMITED PARTNERSHIPS

Investments in affiliated limited partnerships as of September 30, 2014 include the following:

Jacob’s Lane Limited Partnership (“Jacob’s Lane”)	\$ 445,290
Hawthorn-at-29th LLC (“Hawthorn-at-29 th ”)	90
New Winds Apartments Limited Partnership (“New Winds”)	33
Roosevelt Crossing Limited Partnership (“Roosevelt Crossing”)	803,097
Sheldon Village I Limited Partnership (“Sheldon Village I”)	65,151
Sheldon Village II Limited Partnership (“Sheldon Village II”)	16,553
Munsel Park Limited Partnership (“Munsel Park”)	(10,485)
Turtle Creek Limited Partnership (“Turtle Creek”)	<u>1</u>
Total	<u>\$1,319,730</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

7. RELATED PARTIES

Notes and interest receivable as of September 30, 2014 and interest income for the year then ended from related partnerships 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>
Jacob's Lane	01/01/29	1% - 6%	\$ 506,440	\$ 19,040	\$ 25,386
Hawthorn-at-29th	03/31/62	6%	975,682	70,944	59,848
New Winds	08/01/47	3.25% - 5.15%	876,611	236,809	36,997
Sheldon Village I	01/01/33	3% - 5.57%	384,195	329,957	49,913
Sheldon Village II	01/01/35	3% - 5.7%	390,805	156,928	26,614
Munsel Park	12/31/39	1.50%	770,726	44,272	12,069
Turtle Creek	11/01/47	5.01%	867,000	399,614	60,658
Laurel Gardens	Paid off	n/a	-	-	-
Total limited partnerships			4,771,459	1,257,564	\$ 271,485
Sponsors, Inc.			11,961	-	
			<u>\$ 4,783,420</u>	<u>\$ 1,257,564</u>	
Interest receivable - short-term				\$ 19,040	
Interest receivable - long-term				<u>1,238,524</u>	
				<u>\$ 1,257,564</u>	

Other receivable (payable) balances due from (to) the affiliated limited partnerships as of September 30, 2014 are as follows:

	<u>Operating Advance</u>	<u>Development Advance</u>	<u>Developer Fee Receivable</u>	<u>Partnership Management Fee Receivable</u>	<u>Ground Lease</u>	<u>Total Receivable</u>
Jacob's Lane	\$ 2,360	\$ -	\$ -	\$ 4,052	\$ -	\$ 6,412
Hawthorn-at-29th	-	315,180	-	-	-	315,180
New Winds	907	-	102,199	30,375	-	133,481
Roosevelt Crossing	-	-	-	22,432	-	22,432
Sheldon Village I	-	-	-	3,602	2,046	5,648
Sheldon Village II	-	-	-	9,237	1,845	11,082
Munsel Park	-	60,298	-	172,078	-	232,376
Turtle Creek	-	-	-	6,000	-	6,000
	<u>\$ 3,267</u>	<u>\$ 375,478</u>	<u>\$ 102,199</u>	<u>\$ 247,776</u>	<u>\$ 3,891</u>	<u>\$ 732,611</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

7. **RELATED PARTIES** - Continued

Amounts payable by HACSA to the affiliated limited partnerships at September 30, 2014 are as follows:

Hawthorn-at-29 th	\$332,206
Roosevelt Crossing	<u>10,070</u>
	<u>\$342,276</u>

Fees earned from the affiliated limited partnerships for the year ended September 30, 2014 are as follows:

	Partnership Management Fee	Ground Lease	Total
	<u> </u>	<u> </u>	<u> </u>
Jacob's Lane	\$ 5,351	\$ -	\$ 5,351
New Winds	4,500	-	4,500
Roosevelt Crossing	30,166	-	30,166
Sheldon Village I	4,757	144	4,901
Sheldon Village II	12,197	140	12,337
Munsel Park	20,012	-	20,012
Turtle Creek	8,000	-	8,000
	<u>\$ 84,983</u>	<u>\$ 284</u>	<u>\$ 85,267</u>

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

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, 2014, HACSA guarantees operating deficit of Hawthorn-at-29th LLC of up to \$253,153.

Lease Heeran Center - HACSA leases the premise for the Heeran Center to Lane County under the terms of an operating lease that is renewable annually and provides for annual rent of \$89,256 for the period July 1, 2013 to June 30, 2014. On June 16, 2014, the lease was renewed for a one year period at an annual rental rate of \$74,256. On February 1, 2015, the annual rental rate was reduced to \$59,472.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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, 2014:

	Balance September 30, 2013	Increases	Decreases	Transfers	Balance September 30, 2014
Capital assets not being depreciated:					
Land	\$ 8,740,324	\$ 436,450	\$ -	\$ -	\$ 9,176,774
Construction in progress	615,233	909,067	-	-	1,524,300
Total capital assets not being depreciated	<u>9,355,557</u>	<u>1,345,517</u>	<u>-</u>	<u>-</u>	<u>10,701,074</u>
Capital assets being depreciated:					
Building and improvements	61,482,478	72,835	(107,500)	-	61,447,813
Furniture and equipment	2,956,233	-	(10,664)	-	2,945,569
Total capital assets being depreciated	<u>64,438,711</u>	<u>72,835</u>	<u>(118,164)</u>	<u>-</u>	<u>64,393,382</u>
Less accumulated depreciation:					
Buildings and improvements	(30,140,730)	(1,293,999)	-	-	(31,434,729)
Furniture and equipment	(2,634,444)	(108,462)	10,419	-	(2,732,487)
Total accumulated depreciation	<u>(32,775,174)</u>	<u>(1,402,461)</u>	<u>10,419</u>	<u>-</u>	<u>(34,167,216)</u>
Total capital assets being depreciated, net	<u>31,663,537</u>	<u>(1,329,626)</u>	<u>(107,745)</u>	<u>-</u>	<u>30,226,166</u>
Total capital assets, net	<u>\$ 41,019,094</u>	<u>\$ 15,891</u>	<u>\$(107,745)</u>	<u>\$ -</u>	<u>\$ 40,927,240</u>

Depreciation expense was charged to functions as follows:

Agency	\$ -
Public Housing	663,049
Housing Choice Voucher	119
Affordable housing and special needs housing	499,387
Blended component units	219,886
COCC	20,020
Total	<u>\$ 1,402,461</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

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	Balance 09/30/13	Additions	Retirements	Balance 09/30/14	Current Portion
BONDS PAYABLE:								
Firwood Apartments Series A	6.6 - 6.7%	\$ 5,990	11/01/20	\$ 480,000	\$ -	\$ 45,000	\$ 435,000	\$ 50,000
Firwood Apartments Series B	6.700%	2,466	11/01/20	90,000	-	25,000	65,000	25,000
Unamortized bond discount	-	-	-	(5,814)	-	(1,992)	(3,822)	(1,992)
Total bonds payable				<u>564,186</u>	<u>-</u>	<u>68,008</u>	<u>496,178</u>	<u>73,008</u>
NOTES PAYABLE:								
State of Oregon:								
Abbie Lane Apartments	0.250%	288	05/15/25	39,741	-	39,741	-	-
Heeran Center	3.690%	6,199	04/15/27	793,714	-	45,866	747,848	47,587
Heeran Center - forgivable loan	-	-	11/17/40	926,634	-	33,094	893,540	33,094
City of Eugene:								
Abbie Lane Apartments	2.000%	1,845	04/01/34	362,723	-	15,003	347,720	15,326
Firwood Apartments	3.250%	1,004	08/01/21	88,554	-	-	88,554	-
Firwood Apartments	2.000%	1,262	01/01/29	205,857	-	-	205,857	-
Fourteen Pines Apartments	3.500%	3,368	07/01/15	70,185	-	38,565	31,620	31,620
Signpost House	5.000%	926	02/01/32	49,969	-	8,807	41,162	9,265
Orchards	-	-	N/A	111,001	-	-	111,001	-
USDA Rural Development:								
Camas Apartments - 1	6.875%	992	09/01/35	296,988	-	5,474	291,514	6,414
Camas Apartments 2	6.875%	592	11/01/32	158,291	-	3,773	154,518	4,421
Norsemen Village Apartments - 2	5.375%	5,254	05/11/36	1,078,938	178,211	196,877	1,060,272	40,989
Norsemen Village Apartments - 3	5.375%	621	05/11/36	169,202	-	3,955	165,247	4,172
Norsemen Village Apartments - 4	5.750%	1,022	05/11/36	335,694	-	7,472	328,222	7,875
Norsemen Village Apartments - 5	5.375%	976	05/11/36	265,960	-	6,216	259,744	6,529
Greenhoot Charitable Remainder Unitrust-								
Firwood Apartments	5.000%	2,087	03/04/25	218,693	-	14,437	204,256	15,175
Umpqua Bank:								
Family Shelter	7.750%	990	06/01/17	37,572	-	10,367	27,205	10,014
Walnut Park	6.150%	3,716	03/01/26	388,204	-	21,315	366,889	19,151
JPMorgan Chase:								
Laurel Gardens	4.930%	2,496	02/01/28	308,226	-	15,098	293,128	15,860
Orchards	6.040%	2,510	10/01/26	400,497	-	6,100	394,397	6,479
Siuslaw Bank - The Oaks-at-14th	4.000%	1,507	03/01/18	-	400,000	1,000	399,000	2,000
Total notes payable				<u>6,306,643</u>	<u>578,211</u>	<u>473,160</u>	<u>6,411,694</u>	<u>275,971</u>
Total long-term debt				<u>\$ 6,870,829</u>	<u>\$ 578,211</u>	<u>\$ 541,168</u>	<u>\$ 6,907,872</u>	<u>\$ 348,979</u>
Long-term portion							<u>\$ 6,558,893</u>	

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

9. LONG-TERM LIABILITIES – Continued

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

Bonds Payable – In 1994 HACSA issued revenue bonds to pay for the purchase of the Firwood Apartments buildings. Of the Series A Bonds outstanding at September 30, 2014, \$105,000 provides for interest at 6.600% per annum and \$330,000 provide for interest at 6.700% per annum.

State of Oregon – The notes payable by Abbie Lane Apartments and the Heeran Center are payable to the Housing and Community Services Department – State of Oregon. In March 2014, the note payable by Abbie Lane Apartments was forgiven. In May 2015, monthly payments on the note payable by the Heeran Center have been deferred to September 2015.

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

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

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

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

Loan 2 for the Norsemen Village Apartments is a construction loan that was converted to a permanent loan in January 2014. At the time of conversion, accrued interest of \$178,211 was added to the principal balance.

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, April 1, 2016 interest rate will increase from 6.15% to 10.15%; Laurel Gardens, December 31, 2017 interest rate will increase from 4.93% to 8.93% and Orchards, November 1, 2016 interest rate will increase from 6.04% to 8.62%.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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

Future maturities of total long-term debt at September 30, 2014 are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 348,979	\$ 222,716
2016	343,545	211,571
2017	357,238	204,557
2018	736,597	186,379
2019	351,306	164,502
2020-2024	1,803,774	537,069
2025-2029	1,736,500	(15,534)
2030-2034	769,965	(128,615)
2035-2039	282,778	(42,945)
2040-2044	66,189	-
Undetermined	<u>111,001</u>	<u>-</u>
Total	<u>\$6,907,872</u>	<u>\$1,139,700</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 2.30% during the initial years of the mortgages. Interest expense, as a percentage of the outstanding mortgage balances will decline over the term of the mortgages as gross interest paid, based on the stated interest rate, declines and the Interest Credit amount remains constant. This results in negative interest as the notes near maturity.

Changes in long-term liabilities:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>09/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>09/30/14</u>	<u>One Year</u>
Compensated absences	\$ 389,179	\$ 509,070	\$ 514,181	\$ 384,068	\$ 268,848
Bonds payable	564,186	-	68,008	496,178	73,008
Loans payable	<u>6,306,643</u>	<u>578,211</u>	<u>473,160</u>	<u>6,411,694</u>	<u>275,971</u>
	<u>\$7,260,008</u>	<u>\$ 1,087,281</u>	<u>\$1,055,349</u>	<u>\$7,291,940</u>	<u>\$ 617,827</u>

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.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

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.

12. CONCENTRATIONS

For the year ended September 30, 2014, approximately 75% 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.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

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 employer contributions for the year ended September 30, 2014 were \$419,247.

14. CONDENSED FINANCIAL STATEMENTS OF BLENDED COMPONENT UNITS

CONDENSED STATEMENT OF NET POSITION

	Walnut Park	Orchards	Laurel Gardens	HousingPlus	Total
Assets:					
Current assets	\$ 30,529	\$ 31,664	\$ 80,791	\$ -	\$ 142,984
Tenant security deposits	23,208	19,209	17,936	-	60,353
Other restricted deposits	84,089	120,932	193,734	-	398,755
Other assets	-	-	-	105,367	105,367
Capital assets - net	842,300	833,515	769,548	-	2,445,363
Total assets	<u>980,126</u>	<u>1,005,320</u>	<u>1,062,009</u>	<u>105,367</u>	<u>3,152,822</u>
Liabilities:					
Current liabilities	109,225	145,036	38,248	105,367	397,876
Noncurrent liabilities	<u>347,739</u>	<u>498,919</u>	<u>277,267</u>	<u>-</u>	<u>1,123,925</u>
Total liabilities	<u>456,964</u>	<u>643,955</u>	<u>315,515</u>	<u>105,367</u>	<u>1,521,801</u>
Net Position:					
Net investment in capital assets	475,410	328,117	476,421	-	1,279,948
Restricted	84,089	120,932	193,734	-	398,755
Unrestricted	<u>(36,337)</u>	<u>(87,684)</u>	<u>76,339</u>	<u>-</u>	<u>(47,682)</u>
Total net position	<u>\$ 523,162</u>	<u>\$ 361,365</u>	<u>\$ 746,494</u>	<u>\$ -</u>	<u>\$ 1,631,021</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS YEAR ENDED SEPTEMBER 30, 2014

14. CONDENSED FINANCIAL STATEMENTS OF BLENDED COMPONENT UNITS - Cont'd

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

	Walnut Park	Orchards	Laurel Gardens	HousingPlus	Total
Revenues - Rental income	\$ 193,945	\$ 179,748	\$ 164,374	\$ -	\$ 538,067
Total operating revenue	193,945	179,748	164,374	-	538,067
Expenses:					
Operating expenses	146,203	151,623	123,693	-	421,519
Depreciation and amortization	83,401	72,442	65,314	-	221,157
Total operating expenses	229,604	224,065	189,007	-	642,676
Operating loss	(35,659)	(44,317)	(24,633)	-	(104,609)
Nonoperating revenue (expense):					
Interest income	52	155	259	-	466
Interest expense	(23,172)	(23,992)	(14,795)	-	(61,959)
Total nonoperating revenue (expense)	(23,120)	(23,837)	(14,536)	-	(61,493)
Change in net position	(58,779)	(68,154)	(39,169)	-	(166,102)
Net position September 30, 2013	581,941	429,519	785,663	-	1,797,123
Net position September 30, 2014	\$ 523,162	\$ 361,365	\$ 746,494	\$ -	\$ 1,631,021

CONDENSED STATEMENT OF CASH FLOWS

	Walnut Park	Orchards	Laurel Gardens	HousingPlus	Total
Net cash provided by:					
Operating activities	\$ 44,905	\$ 3,390	\$ 19,821	\$ -	\$ 68,116
Capital and related financing activities	(21,315)	(6,100)	(15,099)	-	(42,514)
Investing activities	(7,656)	(4,618)	(7,761)	-	(20,036)
Net increase (decrease)	15,933	(7,329)	(3,039)	-	5,565
Cash - beginning of year	11,563	36,568	76,989	-	125,120
Cash - end of year	\$ 27,496	\$ 29,239	\$ 73,950	\$ -	\$ 130,685

HousingPlus' other assets consist of the predevelopment costs of the current development project to build 20 affordable homes in Eugene, Oregon. It is reasonably possible that management of HousingPlus will cease to pursue the current development project due to the housing market condition in the geographical area. If the project is abandoned, the predevelopment costs of \$105,367 will be written off as housing development costs.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

15. DISCRETELY PRESENTED COMPONENT UNITS

Combining financial information for the discretely presented component units at December 31, 2013 is as follows:

	Jacob's Lane	Hawthorn-at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Total
ASSETS									
Current assets									
Cash and cash equivalents	\$ 180,695	\$ 197,324	\$ 22,136	\$ 14,197	\$ 21,669	\$ 16,231	\$ 132,337	\$ 17,039	\$ 601,628
Accounts receivable:									
Tenants	-	690	581	-	238	140	429	-	2,078
Others	361	22,861	2,160	40,674	-	-	-	-	66,056
Prepaid expenses	3,569	2,379	2,173	1,481	4,163	3,159	3,946	1,790	22,660
Tenant deposits held in trust	27,427	5,977	7,139	-	17,145	17,035	16,429	22,058	113,210
Restricted deposits	228,054	8,380	117,869	351,243	199,364	146,758	158,634	119,128	1,329,430
Total current assets	440,106	237,611	152,058	407,595	242,579	183,323	311,775	160,015	2,135,062
Noncurrent assets									
Capital assets									
Nondepreciable	449,963	418,014	116,026	641,454	-	-	120,000	201,414	1,946,871
Depreciable	2,175,051	3,827,066	1,884,098	4,667,039	2,407,882	1,962,036	1,068,584	2,790,896	20,782,652
Total capital assets	2,625,014	4,245,080	2,000,124	5,308,493	2,407,882	1,962,036	1,188,584	2,992,310	22,729,523
Discount on ground lease - net	-	-	-	-	178,731	141,291	-	-	320,022
Other assets	5,520	29,121	5,840	148,113	15,845	25,232	1,116	19,550	250,337
Total noncurrent assets	2,630,534	4,274,201	2,005,964	5,456,606	2,602,458	2,128,559	1,189,700	3,011,860	23,299,882
Total assets	\$ 3,070,640	\$ 4,511,812	\$ 2,158,022	\$ 5,864,201	\$ 2,845,037	\$ 2,311,882	\$ 1,501,475	\$ 3,171,875	\$ 25,434,944

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

15. DISCRETELY PRESENTED COMPONENT UNITS - Continued

	Jacob's Lane	Hawthorn-at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Total
LIABILITIES									
Current liabilities									
Accounts payable	\$ 7,067	\$ 2,393	\$ 1,120	\$ 3,592	\$ 3,336	\$ 3,193	\$ 10,624	\$ 1,354	\$ 32,679
Accrued interest	2,101	4,074	-	-	-	911	1,528	-	8,614
Due to HACSA	-	-	27,907	25,101	1,880	1,686	156,958	-	213,532
Due to other related parties	-	-	-	10,459	-	-	5,594	2,388	18,441
Prepaid rents	-	5,801	5	-	1,279	383	-	-	7,468
Refundable security deposits	27,427	5,977	7,139	4,200	17,145	16,710	15,944	22,058	116,600
Current portion of mortgages payable	21,062	29,195	-	-	11,494	9,971	13,810	7,688	93,220
Total current liabilities	57,657	47,440	36,171	43,352	35,134	32,854	204,458	33,488	490,554
Noncurrent liabilities									
Mortgages payable	476,861	1,153,497	-	3,137,976	295,563	281,310	481,623	292,463	6,119,293
Notes payable - HACSA	506,440	975,682	876,611	-	384,195	390,805	770,726	867,000	4,771,459
Accrued interest - HACSA	-	25,874	208,880	-	303,973	136,920	35,206	353,744	1,064,597
Developer fee payable - HACSA	-	30,651	102,200	-	-	-	-	-	132,851
Due to HACSA	-	-	-	-	-	-	58,770	-	58,770
Total noncurrent liabilities	983,301	2,185,704	1,187,691	3,137,976	983,731	809,035	1,346,325	1,513,207	12,146,970
Total liabilities	1,040,958	2,233,144	1,223,862	3,181,328	1,018,865	841,889	1,550,783	1,546,695	12,637,524
NET POSITION									
Net investment in capital assets	1,620,651	2,056,055	1,021,313	2,170,517	1,716,630	1,279,950	(136,345)	1,825,159	11,553,930
Restricted	228,054	8,380	117,869	351,243	199,364	146,758	158,634	119,128	1,329,430
Unrestricted	180,977	214,233	(205,022)	161,113	(89,822)	43,285	(71,597)	(319,107)	(85,940)
Total net position	2,029,682	2,278,668	934,160	2,682,873	1,826,172	1,469,993	(49,308)	1,625,180	12,797,420
Total liabilities and net position	\$ 3,070,640	\$ 4,511,812	\$ 2,158,022	\$ 5,864,201	\$ 2,845,037	\$ 2,311,882	\$ 1,501,475	\$ 3,171,875	\$25,434,944

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

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

	Jacob's Lane	Hawthorn-at-29th	New Winds	Roosevelt Crossing	Sheldon Village I	Sheldon Village II	Munsel Park	Turtle Creek	Total
OPERATING REVENUES									
Rental revenue	\$ 277,124	\$ 280,474	\$ 101,038	\$ 49,548	\$ 214,790	\$ 180,709	\$ 247,886	\$ 154,403	\$ 1,505,972
Grant income	-	-	-	61,470	-	-	-	-	61,470
Other rental income	2,653	3,242	1,691	-	4,623	4,155	1,960	1,446	19,770
Total revenues	279,777	283,716	102,729	111,018	219,413	184,864	249,846	155,849	1,587,212
OPERATING EXPENSES									
Administrative	51,106	55,948	42,458	44,648	41,326	51,649	52,486	38,330	377,951
Utilities	38,704	18,868	13,151	38,720	26,220	26,511	40,948	22,209	225,331
Operations and maintenance	61,482	30,045	17,536	8,970	35,296	36,198	77,152	41,359	308,038
Depreciation and amortization	175,902	102,373	98,397	185,265	190,216	135,983	61,123	151,598	1,100,857
Taxes and insurance	5,621	3,581	13,793	2,781	14,448	15,356	3,738	2,815	62,133
Total operating expenses	332,815	210,815	185,335	280,384	307,506	265,697	235,447	256,311	2,074,310
OPERATING INCOME (LOSS)	(53,038)	72,901	(82,606)	(169,366)	(88,093)	(80,833)	14,399	(100,462)	(487,098)
NONOPERATING REVENUES (EXPENSES)									
Interest income	205	69	27	568	171	106	64	82	1,292
Interest expenses	(51,048)	(62,683)	(53,918)	-	(111,500)	(59,668)	(20,598)	(109,811)	(469,226)
Other nonoperating expenses	(5,195)	(68,788)	(6,888)	(10,060)	(6,002)	(14,062)	(21,529)	(10,388)	(142,912)
Total nonoperating revenues (expenses)	(56,038)	(131,402)	(60,779)	(9,492)	(117,331)	(73,624)	(42,063)	(120,117)	(610,846)
LOSS BEFORE CAPITAL CONTRIBUTIONS	(109,076)	(58,501)	(143,385)	(178,858)	(205,424)	(154,457)	(27,664)	(220,579)	(1,097,944)
Capital contributions	-	1,727,491	-	-	-	-	-	-	1,727,491
Change in net position	(109,076)	1,668,990	(143,385)	(178,858)	(205,424)	(154,457)	(27,664)	(220,579)	629,547
Net position at beginning of the year	2,138,758	609,678	1,077,545	2,861,731	2,031,596	1,624,450	(21,644)	1,845,759	12,167,873
Net position at end of the year	\$ 2,029,682	\$ 2,278,668	\$ 934,160	\$ 2,682,873	\$ 1,826,172	\$ 1,469,993	\$ (49,308)	\$ 1,625,180	\$ 12,797,420

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014**

15. DISCRETELY PRESENTED COMPONENT UNITS - Continued

	Interest Rates	Monthly Payment	Maturity	Balance 12/31/12	Additions	Retirements	Balance 12/31/13	Current Portion
MORTGAGES PAYABLE:								
Jacob's Lane Limited Partnership								
Bank of America	3.830%	2,338	11/1/2029	\$ 348,972	\$ -	\$ 14,955	\$ 334,017	\$ 15,538
Bank of America	7.580%	1,480	11/1/2029	169,028	-	5,122	163,906	5,524
Hawthorn-at-29th LLC								
Siuslaw Bank	4.000%	6,385	01/10/33	1,756,150	5,000	578,458	1,182,692	29,195
Roosevelt Crossing Limited Partnership								
City of Eugene*	0.000%	-	05/11/29	550,000	-	-	550,000	-
State of Oregon**	0.000%	-	12/31/46	2,587,976	-	-	2,587,976	-
Sheldon Village I Limited Partnership								
Siuslaw Bank	3.890%	1,936	07/01/32	318,112	-	11,056	307,056	11,493
Sheldon Village II Limited Partnership								
Siuslaw Bank	3.750%	1,727	12/01/33	300,886	-	9,605	291,281	9,971
Munsel Park Apartments Limited Partnership								
USDA Rural Development	1.000%	1,146	06/16/38	162,292	-	4,478	157,814	4,399
USDA Rural Development	1.000%	2,201	06/16/38	311,749	-	8,601	303,148	8,450
USDA Rural Development	1.000%	250	06/16/38	35,449	-	978	34,471	961
Turtle Creek Limited Partnership								
Siuslaw Bank	3.320%	1,461	04/01/39	307,588	-	7,436	300,152	7,689
Total long-term debt				<u>\$ 6,848,202</u>	<u>\$ 5,000</u>	<u>\$ 640,689</u>	<u>\$ 6,212,513</u>	<u>\$ 93,220</u>
Long-term portion							<u>\$ 6,119,293</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.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2014

16. **RESTATEMENT**

In March 2012, GASB issued Statement 65, *Items Previously Recorded as Asset and Liabilities*. The statement reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, and to recognize certain items that were previously reported as assets and liabilities as outflows (expenses) or inflows (revenues) of resources. As of October 1, 2013, HACSA implemented GASB Statement No. 65 and restated the beginning net position of the primary government to write off the unamortized financing costs that were previously reported as assets.

	As previously reported <u>09/30/13</u>	<u>Restatement</u>	As restated <u>09/30/13</u>
INCREASE IN NET POSITION	\$ 2,495,534	\$ (4,306)	\$ 2,491,228
NET POSITION - Beginning of year	<u>46,152,974</u>	<u>(15,567)</u>	<u>46,137,407</u>
NET POSITION - End of year	<u>\$ 48,648,508</u>	<u>\$ (19,873)</u>	<u>\$48,628,635</u>

17. **SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring after September 30, 2014 through June 26, 2015, the date the financial statements were available for issuance, for potential recognition or disclosure in the financial statements and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF NET POSITION
SEPTEMBER 30, 2014

	Low Rent Public Housing	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Weatherization Assistance for Low-income Persons	Shelter Care Plus	Rural Rental Assistance Payments	N/C S/R Section 8 Programs
111 Cash - Unrestricted	\$ -	\$1,434,078	\$ -	\$ -	\$ -	\$ 88,309	\$ 172,629
113 Cash - Other Restricted	204,250	152,103	-	-	-	240,756	211,005
114 Cash - Tenant Security Deposits	169,410	-	-	-	-	29,613	4,720
100 Total Cash	373,660	1,586,181	-	-	-	358,678	388,354
122 Accounts Receivable - HUD Other Projects	36,605	-	56,782	-	97,338	-	-
124 Accounts Receivable - Other Government	-	-	-	162,951	-	-	-
125 Accounts Receivable - Miscellaneous	35,886	-	-	-	-	1,046	-
126 Accounts Receivable - Tenants	25,831	-	-	-	-	8,772	9,502
127 Notes, Loans, & Mortgages Receivable - Current	26,339	-	-	-	-	-	-
128 Fraud Recovery	-	222,242	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	(222,242)	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	124,661	-	56,782	162,951	97,338	9,818	9,502
131 Investments - Unrestricted	1,237,188	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	7,137	59,302	-	-	-	8,787	1,845
143 Inventories	21,798	-	-	-	-	-	177
144 Inter Program Due From	10,918	-	-	-	-	-	22,140
150 Total Current Assets	1,277,041	59,302	-	-	-	8,787	24,162
161 Land	4,294,268	-	-	-	-	470,406	214,386
162 Buildings	34,984,261	-	-	-	-	4,934,458	1,682,335
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	17,034
164 Furniture, Equipment & Machinery - Administration	1,346,758	88,393	-	-	-	-	-
166 Accumulated Depreciation	(21,805,233)	(79,553)	-	-	-	(573,190)	(915,184)
167 Construction in Progress	1,521,512	-	-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	20,341,566	8,840	-	-	-	4,831,674	998,571
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-
180 Total Non-Current Assets	20,341,566	8,840	-	-	-	4,831,674	998,571
190 Total Assets	\$22,116,928	\$1,654,323	\$ 56,782	\$ 162,951	\$ 97,338	\$ 5,208,957	\$ 1,420,589
312 Accounts Payable <= 90 Days	\$ 77,173	\$ -	\$ -	\$ 15,723	\$ -	\$ 21,090	\$ 4,563
321 Accrued Wage/Payroll Taxes Payable	2,281	22,760	-	-	-	-	742
322 Accrued Compensated Absences - Current Portion	64,858	89,212	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	713	-
333 Accounts Payable - Other Government	125,828	-	-	-	-	-	-
341 Tenant Security Deposits	170,160	-	-	-	-	28,866	4,720
342 Deferred Revenues	-	-	798	-	-	382	-
343 Current Portion of Long-term Debt - Capital Projects / Mortgage Revenue Bonds	-	-	-	-	-	70,400	15,326
345 Other Current Liabilities	2,456	-	-	-	-	-	-
347 Inter Program - Due To	12,184	131,602	55,984	153,110	92,060	211,869	31,148
310 Total Current Liabilities	454,940	243,574	56,782	168,833	92,060	333,320	56,499
351 Long-Term Debt, Net of Current - Capital Projects / Mortgage Revenue	-	-	-	-	-	2,189,117	332,394
353 Non-Current Liabilities - Other	206,339	152,104	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	27,796	38,233	-	-	-	-	-
350 Total Non-Current Liabilities	234,135	190,337	-	-	-	2,189,117	332,394
300 Total Liabilities	689,075	433,911	56,782	168,833	92,060	2,522,437	388,893
508.4 Net Investment in Capital Assets	20,341,566	8,840	-	-	-	2,572,157	650,851
511.4 Restricted Net Position	238,034	337,102	-	-	-	241,503	211,005
512.4 Unrestricted Net Position	848,253	874,470	-	(5,882)	5,278	(127,140)	169,840
513 Total Equity - Net Position	21,427,853	1,220,412	-	(5,882)	5,278	2,686,520	1,031,696
600 Total Liabilities and Equity - Net Position	\$22,116,928	\$1,654,323	\$ 56,782	\$ 162,951	\$ 97,338	\$ 5,208,957	\$ 1,420,589

Interest Reduction Payments	Low-Income Home Emergency Assistance	Supportive Housing Program	Other Federal Program I	1. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ 109,625	\$ 276,403	\$ 601,628	\$ 130,690	\$ 2,813,362	\$ -	\$ 2,813,362
590,116	-	-	-	351,033	-	1,329,430	398,755	3,477,448	-	3,477,448
40,262	-	-	-	50,024	-	113,210	60,353	467,592	-	467,592
630,378	-	-	-	510,682	276,403	2,044,268	589,798	6,758,402	-	6,758,402
-	-	-	-	-	-	-	-	190,725	-	190,725
-	91,861	-	-	128,342	-	-	-	383,154	-	383,154
-	-	-	-	911,882	200	66,056	4,628	1,019,698	(163,975)	855,723
5,863	-	-	-	8,118	-	2,078	-	60,164	-	60,164
-	-	-	-	-	-	-	-	26,339	-	26,339
-	-	-	-	-	-	-	-	222,242	-	222,242
-	-	-	-	-	-	-	-	(222,242)	-	(222,242)
-	-	-	-	1,257,564	-	-	-	1,257,564	-	1,257,564
5,863	91,861	-	-	2,305,906	200	68,134	4,628	2,937,644	(163,975)	2,773,669
-	-	-	-	857,842	577,725	-	-	2,672,755	-	2,672,755
3,368	-	-	-	27,357	149,436	22,660	7,666	287,558	-	287,558
13,094	-	-	-	1,993	24,894	-	-	61,956	-	61,956
-	-	-	-	1,768,651	1,342,832	-	-	3,144,541	(3,144,541)	-
16,462	-	-	-	2,655,843	2,094,887	22,660	7,666	6,166,810	(3,144,541)	3,022,269
1,363,547	-	-	-	2,303,025	165,394	1,946,871	365,748	11,123,645	-	11,123,645
5,428,759	-	-	20,229	7,021,320	1,156,265	29,934,917	6,220,186	91,382,730	-	91,382,730
-	-	-	-	81,043	-	506,635	197,975	802,687	-	802,687
33,013	-	-	-	722,581	458,772	-	-	2,649,517	-	2,649,517
(2,046,176)	-	-	(5,078)	(3,151,375)	(1,252,881)	(9,658,900)	(4,338,546)	(43,826,116)	-	(43,826,116)
-	-	-	-	-	2,788	-	-	1,524,300	-	1,524,300
4,779,143	-	-	15,151	6,976,594	530,338	22,729,523	2,445,363	63,656,763	-	63,656,763
-	-	-	-	4,783,420	-	-	-	4,783,420	-	4,783,420
-	-	-	-	221,041	1,144	570,359	105,367	897,911	-	897,911
-	-	-	-	1,319,730	-	-	-	1,319,730	-	1,319,730
4,779,143	-	-	15,151	13,300,785	531,482	23,299,882	2,550,730	70,657,824	-	70,657,824
<u>\$ 5,431,846</u>	<u>\$ 91,861</u>	<u>\$ -</u>	<u>\$ 15,151</u>	<u>\$ 18,773,216</u>	<u>\$ 2,902,972</u>	<u>\$ 25,434,944</u>	<u>\$ 3,152,822</u>	<u>\$ 86,520,680</u>	<u>\$(3,308,516)</u>	<u>\$ 83,212,164</u>
\$ 35,592	\$ -	\$ -	\$ -	\$ 44,943	\$ 35,981	\$ 32,679	\$ 10,954	\$ 278,698	\$ -	\$ 278,698
3,612	-	-	-	279	15,948	-	-	45,622	-	45,622
-	-	-	-	60,081	54,697	-	-	268,848	-	268,848
-	-	-	-	15,064	-	8,614	5,070	29,461	-	29,461
-	-	-	-	-	-	-	-	125,828	-	125,828
40,262	-	-	-	53,294	-	116,600	60,353	474,255	-	474,255
-	-	-	-	1,403	-	7,468	-	10,051	-	10,051
31,620	-	-	-	190,143	-	93,220	41,490	442,199	-	442,199
-	-	-	-	858	-	231,973	173,785	409,072	(163,975)	245,097
280,316	105,129	118	15,493	735,061	1,214,243	-	106,224	3,144,541	(3,144,541)	-
391,402	105,129	118	15,493	1,101,126	1,320,869	490,554	397,876	5,228,575	(3,308,516)	1,920,059
-	-	-	-	2,913,457	-	6,119,293	1,123,925	12,678,186	-	12,678,186
-	-	-	-	-	334,084	6,027,677	-	6,720,204	-	6,720,204
-	-	-	-	25,749	23,442	-	-	115,220	-	115,220
-	-	-	-	2,939,206	357,526	12,146,970	1,123,925	19,513,610	-	19,513,610
391,402	105,129	118	15,493	4,040,332	1,678,395	12,637,524	1,521,801	24,742,185	(3,308,516)	21,433,669
4,747,523	-	-	15,151	3,872,994	530,338	11,553,930	1,279,948	45,573,298	-	45,573,298
590,116	-	-	-	347,763	-	1,329,430	398,755	3,693,708	-	3,693,708
(297,195)	(13,268)	(118)	(15,493)	10,512,127	694,239	(85,940)	(47,682)	12,511,489	-	12,511,489
5,040,444	(13,268)	(118)	(342)	14,732,884	1,224,577	12,797,420	1,631,021	61,778,495	-	61,778,495
<u>\$ 5,431,846</u>	<u>\$ 91,861</u>	<u>\$ -</u>	<u>\$ 15,151</u>	<u>\$ 18,773,216</u>	<u>\$ 2,902,972</u>	<u>\$ 25,434,944</u>	<u>\$ 3,152,822</u>	<u>\$ 86,520,680</u>	<u>\$(3,308,516)</u>	<u>\$ 83,212,164</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
 YEAR ENDED SEPTEMBER 30, 2014

	Low Rent Public Housing	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Weatherization Assistance for Low-income Persons	Shelter Care Plus	Rural Rental Assistance Payments	N/C S/R Section 8 Programs
70300 Net Tenant Rental Revenue	\$ 1,772,081	\$ -	\$ -	\$ -	\$ -	\$ 235,492	\$ 59,464
70400 Tenant revenue - Other	13,010	-	-	-	-	-	-
70500 Total tenant revenue	1,785,091	-	-	-	-	235,492	59,464
70600 HUD PHA Operating Grants	1,981,074	16,672,003	156,954	-	420,148	-	208,714
70610 Capital Grants	908,733	-	-	-	-	-	-
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	-	-	-	559,275	-	437,896	-
71100 Investment Income - Unrestricted	1,341	-	-	-	-	-	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71400 Fraud Recovery	-	25,317	-	-	-	-	-
71500 Other Revenue	109,322	22,677	-	-	-	12,306	39,109
72000 Investment Income - Restricted	-	636	-	-	-	65	183
70000 Total Revenue	4,785,561	16,720,633	156,954	559,275	420,148	685,759	307,470
91100 Administrative Salaries	423,179	1,069,436	95,428	30,849	19,996	66,772	29,075
91200 Auditing Fees	10,880	11,087	-	1,243	-	2,235	-
91300 Management Fee	504,756	-	-	-	-	43,520	-
91310 Bookkeeping Fee	61,426	-	-	-	-	-	-
91400 Advertising and Marketing	380	236	-	97	-	739	20
91500 Employee Benefit Contributions - Administrative	259,701	564,526	51,267	16,925	12,183	15,570	17,553
91600 Office Expenses	51,469	88,376	5,898	15,171	-	14,778	1,278
91700 Legal Expense	2,373	610	-	28	-	893	5
91800 Travel	4,835	4,175	679	5,351	-	807	72
91900 Other	123,451	156,759	3,682	53,732	-	7,549	3,793
91000 Total Operating - Administrative	1,442,450	1,895,205	156,954	123,396	32,179	152,863	51,796
92000 Asset Management Fee	84,540	-	-	-	-	-	-
92100 Tenant Services - Salaries	39,154	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	14,066	-	-	-	-	-	-
92400 Tenant Services - Other	11,480	-	-	-	-	-	5
92500 Total Tenant Services	64,700	-	-	-	-	-	5
93100 Water	128,535	-	-	-	-	15,408	10,577
93200 Electricity	111,234	-	-	-	-	9,317	2,290
93300 Gas	63,200	-	-	-	-	557	-
93600 Sewer	210,846	-	-	-	-	24,508	17,609
93800 Other Utilities Expense	-	-	-	-	-	-	-
93000 Total Utilities	513,815	-	-	-	-	49,790	30,476
94100 Ordinary Maintenance and Operations - Labor	392,811	107	-	164,708	-	50,183	12,382
94200 Ordinary Maintenance and Operations - Materials and Other	135,557	364	-	103,924	-	39,622	6,475
94300 Ordinary Maintenance and Operations Contracts	727,876	10,008	-	77,366	-	56,084	21,308
94500 Employee Benefit Contributions - Ordinary Maintenance	292,045	53	-	84,696	-	13,334	9,010
94000 Total Maintenance	1,548,289	10,532	-	430,694	-	159,223	49,175
95100 Protective Services - Labor	15,880	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	2,634	-	-	-	-	-	-
95000 Total Protective Services	18,514	-	-	-	-	-	-
96110 Property Insurance	78,536	-	-	-	-	7,449	-
93120 Liability Insurance	-	15,252	-	2,360	-	-	2,753
96100 Total Insurance Premiums	78,536	15,252	-	2,360	-	7,449	2,753

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, 2014

	Low Rent Public Housing	Housing Choice Vouchers	Resident Opportunity and Supportive Services	Weatherization Assistance for Low-income Persons	Shelter Care Plus	Rural Rental Assistance Payments	N/C S/R Section 8 Programs
96200 Other General Expenses	\$ -	\$ -	\$ -	\$ 8,707	\$ -	\$ -	\$ -
96300 Payments in Lieu of Taxes	124,396	-	-	-	-	-	13,389
96400 Bad Debt - Tenant Rents	14,094	-	-	-	-	844	-
96000 Total Other General Expenses	138,490	-	-	8,707	-	844	13,389
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	62,115	7,024
96900 Total Operating Expenses	3,889,334	1,920,989	156,954	565,157	32,179	432,284	154,618
97000 Excess of Operating Revenue Over Operating Expenses	896,227	14,799,644	-	(5,882)	387,969	253,475	152,852
97100 Extraordinary Maintenance	63,365	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	5,584	-	-	-	-	-	-
97300 Housing Assistance Payments	-	15,056,040	-	-	392,305	-	-
97350 HAP Portability-In	-	20,551	-	-	-	-	-
97400 Depreciation Expense	647,030	119	-	-	-	118,694	37,853
90000 Total Expenses	4,605,313	16,997,699	156,954	565,157	424,484	550,978	192,471
10091 Inter Project Excess Cash Transfer In	169,821	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	(169,821)	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	180,248	(277,066)	-	(5,882)	(4,336)	134,781	114,999
Memo Account Information							
11020 Required Annual Debt Principal Payments	-	-	-	-	-	70,401	18,695
11030 Beginning Equity	21,247,605	1,497,478	-	-	9,614	2,551,739	916,697
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11170 Administrative Fee Equity	-	883,310	-	-	-	-	-
11180 Housing Assistance Payments Equity	-	337,102	-	-	-	-	-
11190 Unit Months Available	8,484	32,300	-	-	1,056	836	300
11210 Number of Unit Months Leased	8,310	31,629	-	-	939	828	300
11270 Excess Cash	774,072	-	-	-	-	-	-
11620 Building Purchases	885,602	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	23,168	-	-	-	-	-	-

Interest Reduction Payments	Low-Income Home Emergency Assistance	Supportive Housing Program	Other Federal Program 1	I. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ -	\$ 5,920	\$ -	\$ -	\$ 237,931	\$ -	\$ 142,912	\$ -	\$ 395,470	\$ -	\$ 395,470
-	-	-	-	-	-	-	-	137,785	-	137,785
3,618	-	-	-	2,185	-	-	-	20,741	-	20,741
3,618	5,920	-	-	240,116	-	142,912	-	553,996	-	553,996
1,849	-	-	-	95,658	-	469,226	61,959	697,831	-	697,831
851,554	419,412	-	-	1,616,453	1,600,313	1,585,591	483,465	13,708,303	(1,545,450)	12,162,853
10,086	(13,268)	238,743	-	732,089	50,592	1,730,404	55,068	19,287,999	-	19,287,999
5,040	-	-	-	14,660	-	-	13	83,078	-	83,078
-	-	-	-	-	-	-	-	5,584	-	5,584
-	-	235,132	-	10,004	-	-	-	15,693,481	-	15,693,481
-	-	-	-	-	-	-	-	20,551	-	20,551
123,362	-	-	455	217,504	36,287	1,100,857	221,157	2,503,318	-	2,503,318
979,956	419,412	235,132	455	1,858,621	1,636,600	2,686,448	704,635	32,014,315	(1,545,450)	30,468,865
-	-	-	-	-	-	-	-	169,821	-	169,821
-	-	-	-	-	-	-	-	(169,821)	-	(169,821)
-	-	-	-	-	-	-	-	-	-	-
(118,316)	(13,268)	3,611	(455)	489,921	14,305	629,547	(166,102)	981,987	-	981,987
29,827	-	-	-	193,534	-	93,219	41,490	447,166	-	447,166
5,158,760	-	(3,729)	113	16,059,959	1,210,272	12,167,873	-	60,816,381	-	60,816,381
-	-	-	-	(1,816,996)	-	-	1,797,123	(19,873)	-	(19,873)
-	-	-	-	-	-	-	-	883,310	-	883,310
-	-	-	-	-	-	-	-	337,102	-	337,102
1,584	-	-	-	1,824	-	3,720	1,176	51,280	-	51,280
1,568	-	-	-	1,770	-	3,646	1,148	50,138	-	50,138
-	-	-	-	-	-	-	-	774,072	-	774,072
-	-	-	-	-	-	-	-	885,602	-	885,602
-	-	-	-	-	-	-	-	23,168	-	23,168

Interest Reduction Payments	Low-Income Home Emergency Assistance	Supportive Housing Program	Other Federal Program 1	1. Business Activities	Central Office Cost Center	Component Unit - Discretely Presented	Component Unit - Blended	Subtotal	Eliminations	Total
\$ 463,075	\$ -	\$ -	\$ -	\$ 952,374	\$ -	\$ 1,505,972	\$ 515,278	\$ 5,503,736	\$ -	\$ 5,503,736
11,870	-	-	-	-	-	-	-	24,880	-	24,880
474,945	-	-	-	952,374	-	1,505,972	515,278	5,528,616	-	5,528,616
359,237	-	238,743	-	-	-	-	-	20,036,873	-	20,036,873
-	-	-	-	-	-	-	-	908,733	-	908,733
-	-	-	-	-	504,755	-	-	504,755	(504,755)	-
-	-	-	-	-	84,540	-	-	84,540	(84,540)	-
-	-	-	-	-	61,425	-	-	61,425	(61,425)	-
-	-	-	-	-	184,591	-	-	184,591	(184,591)	-
-	-	-	-	-	614,619	-	-	614,619	(614,619)	-
-	-	-	-	-	1,449,930	-	-	1,449,930	(1,449,930)	-
-	406,144	-	-	694,854	-	61,470	-	2,159,639	-	2,159,639
-	-	-	-	283,999	426	1,292	466	287,524	-	287,524
-	-	-	-	1,454	-	-	-	1,454	-	1,454
-	-	-	-	-	-	-	-	25,317	-	25,317
27,058	-	-	-	415,701	200,549	1,747,261	22,789	2,596,772	(95,520)	2,501,252
400	-	-	-	160	-	-	-	1,444	-	1,444
861,640	406,144	238,743	-	2,348,542	1,650,905	3,315,995	538,533	32,996,302	(1,545,450)	31,450,852
121,221	23,386	-	-	251,741	676,657	143,524	54,540	3,005,804	(297,749)	2,708,055
2,443	820	-	-	2,373	8,878	40,400	3,000	83,359	-	83,359
80,061	-	-	-	26,714	-	115,665	37,102	807,818	(590,834)	216,984
-	-	-	-	-	-	870	-	62,296	(61,426)	870
657	64	-	-	89	42	3,453	-	5,777	-	5,777
110,865	11,258	-	-	130,115	352,041	-	324	1,542,328	(210,070)	1,332,258
36,574	11,720	-	-	34,667	31,421	14,553	10,801	316,706	(106,800)	209,906
1,874	21	-	-	718	144	1,039	635	8,340	-	8,340
245	2,329	-	-	5,623	6,144	1,183	-	31,443	-	31,443
1,999	34,610	-	-	56,996	35,834	81,930	17,199	577,534	-	577,534
355,939	84,208	-	-	509,036	1,111,161	402,617	123,601	6,441,405	(1,266,879)	5,174,526
9,440	-	-	-	-	-	-	-	93,980	(93,980)	-
-	-	-	-	-	-	-	-	39,154	-	39,154
-	-	-	-	-	-	-	-	14,066	-	14,066
-	-	-	-	20	273	-	-	11,778	-	11,778
-	-	-	-	20	273	-	-	64,998	-	64,998
26,745	-	-	-	22,050	2,335	49,795	18,289	273,734	-	273,734
18,950	-	-	-	16,778	22,810	39,241	16,260	236,880	-	236,880
12,448	-	-	-	234	-	59,020	-	135,459	-	135,459
33,068	-	-	-	33,786	4,384	-	16,908	341,109	-	341,109
-	-	-	-	-	-	77,275	-	77,275	-	77,275
91,211	-	-	-	72,848	29,529	225,331	51,457	1,064,457	-	1,064,457
95,542	135,944	-	-	104,451	128,342	60,875	-	1,145,345	-	1,145,345
54,029	55,184	-	-	270,338	161,607	206,538	136,452	1,170,090	-	1,170,090
203,692	65,012	-	-	253,239	65,657	15,959	101,702	1,597,903	(184,591)	1,413,312
18,586	71,331	-	-	49,372	89,004	-	-	627,431	-	627,431
371,849	327,471	-	-	677,400	444,610	283,372	238,154	4,540,769	(184,591)	4,356,178
-	-	-	-	-	-	-	-	15,880	-	15,880
2,331	-	-	-	-	-	-	552	2,883	-	2,883
360	-	-	-	-	-	-	-	2,994	-	2,994
2,691	-	-	-	-	-	-	552	21,757	-	21,757
14,957	-	-	-	15,211	14,740	26,114	-	157,007	-	157,007
-	1,813	-	-	6,164	-	36,019	7,742	72,103	-	72,103
14,957	1,813	-	-	21,375	14,740	62,133	7,742	229,110	-	229,110

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF NET POSITION -
LOW RENT PUBLIC HOUSING DETAIL
SEPTEMBER 30, 2014**

	AMP 1 OR006000100	AMP 2 OR006000200
113 Cash - Other Restricted	\$ 1,667	\$ 81,459
114 Cash - Tenant Security Deposits	8,630	60,985
100 Total Cash	<u>10,297</u>	<u>142,444</u>
122 Accounts Receivable - HUD Other Projects	831	10,171
125 Accounts Receivable - Miscellaneous	-	35,885
126 Accounts Receivable - Tenants	2,286	8,217
127 Notes, Loans, & Mortgages Receivable - Current	927	9,722
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>4,044</u>	<u>63,995</u>
131 Investments - Unrestricted	33,784	198,435
142 Prepaid Expenses and Other Assets	52	1,761
143 Inventories	-	1,743
144 Inter Program Due From	291	-
150 Total Current Assets	<u>48,468</u>	<u>408,378</u>
161 Land	299,209	1,312,541
162 Buildings	3,728,775	9,569,058
164 Furniture, Equipment & Machinery - Administration	55,796	455,593
166 Accumulated Depreciation	(1,368,874)	(7,341,585)
167 Construction in Progress	50,491	570,379
160 Total Capital Assets, Net of Accumulated Depreciation	<u>2,765,397</u>	<u>4,565,986</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 2,813,865</u>	<u>\$ 4,974,364</u>
312 Accounts Payable <= 90 Days	\$ 5,600	\$ 17,277
321 Accrued Wage/Payroll Taxes Payable	-	417
322 Accrued Compensated Absences - Current Portion	873	23,980
333 Accounts Payable - Other Government	2,920	45,855
341 Tenant Security Deposits	8,630	60,985
345 Other Current Liabilities	-	-
347 Inter Program - Due To	-	4,262
310 Total Current Liabilities	<u>18,023</u>	<u>152,776</u>
353 Non-current Liabilities - Other	1,567	78,617
354 Accrued Compensated Absences - Non Current	374	10,277
350 Total Non-Current Liabilities	<u>1,941</u>	<u>88,894</u>
300 Total Liabilities	<u>19,964</u>	<u>241,670</u>
508.4 Net Investment in Capital Assets	2,765,397	4,565,986
511.4 Restricted Net Position	35,451	81,459
512.4 Unrestricted Net Position	(6,947)	85,249
513 Total Equity - Net Assets / Position	<u>2,793,901</u>	<u>4,732,694</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u>\$ 2,813,865</u>	<u>\$ 4,974,364</u>

AMP 3 OR006000300	AMP 4 OR006000400	AMP 5 OR006000500	AMP 6 OR006000600	Total
\$ 76,464	\$ 13,679	\$ 30,981	\$ -	\$ 204,250
57,345	16,725	16,700	9,025	169,410
<u>133,809</u>	<u>30,404</u>	<u>47,681</u>	<u>9,025</u>	<u>373,660</u>
6,820	5,613	2,420	10,750	36,605
-	-	1	-	35,886
10,723	1,161	2,865	579	25,831
12,800	1,993	897	-	26,339
<u>30,343</u>	<u>8,767</u>	<u>6,183</u>	<u>11,329</u>	<u>124,661</u>
197,072	358,152	372,833	76,912	1,237,188
1,344	836	583	2,561	7,137
1,245	3,268	3,980	11,562	21,798
-	-	10,627	-	10,918
<u>363,813</u>	<u>401,427</u>	<u>441,887</u>	<u>111,389</u>	<u>1,775,362</u>
1,024,218	687,758	450,796	519,746	4,294,268
7,135,606	5,317,519	3,520,622	5,712,681	34,984,261
357,711	162,463	146,914	168,281	1,346,758
(3,871,660)	(4,114,524)	(2,255,714)	(2,852,876)	(21,805,233)
180,892	58,377	148,925	512,448	1,521,512
<u>4,826,767</u>	<u>2,111,593</u>	<u>2,011,543</u>	<u>4,060,280</u>	<u>20,341,566</u>
<u>\$ 5,190,580</u>	<u>\$ 2,513,020</u>	<u>\$ 2,453,430</u>	<u>\$ 4,171,669</u>	<u>\$ 22,116,928</u>
\$ 17,117	\$ 7,528	\$ 13,310	\$ 16,341	\$ 77,173
735	195	514	420	2,281
11,971	11,836	7,834	8,364	64,858
24,338	27,269	11,651	13,795	125,828
57,345	16,725	16,700	9,775	170,160
-	-	2,456	-	2,456
4,062	2,135	-	1,725	12,184
<u>115,568</u>	<u>65,688</u>	<u>52,465</u>	<u>50,420</u>	<u>454,940</u>
80,326	14,573	31,256	-	206,339
5,130	5,073	3,358	3,584	27,796
85,456	19,646	34,614	3,584	234,135
<u>201,024</u>	<u>85,334</u>	<u>87,079</u>	<u>54,004</u>	<u>689,075</u>
4,826,767	2,111,593	2,011,543	4,060,280	20,341,566
76,464	13,679	30,981	-	238,034
86,325	302,414	323,827	57,385	848,253
<u>4,989,556</u>	<u>2,427,686</u>	<u>2,366,351</u>	<u>4,117,665</u>	<u>21,427,853</u>
<u>\$ 5,190,580</u>	<u>\$ 2,513,020</u>	<u>\$ 2,453,430</u>	<u>\$ 4,171,669</u>	<u>\$ 22,116,928</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION - LOW RENT PUBLIC HOUSING DETAIL
YEAR ENDED SEPTEMBER 30, 2014

	AMP 1 OR006000100			AMP 2 OR006000200		
	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
70300 Net Tenant Rental Revenue	\$ 70,679	\$ -	\$ 70,679	\$ 582,223	\$ -	\$ 582,223
70400 Tenant Revenue - Other	-	-	-	-	-	-
70500 Total Tenant Revenue	70,679	-	70,679	582,223	-	582,223
70600 HUD PHA Operating Grants	87,045	6,024	93,069	500,541	42,385	542,926
70610 Capital Grants	-	40,701	40,701	-	286,371	286,371
71100 Investment Income - Unrestricted	62	-	62	340	-	340
71500 Other Revenue	7,079	-	7,079	52,972	-	52,972
70000 Total Revenue	164,865	46,725	211,590	1,136,076	328,756	1,464,832
91100 Administrative Salaries	11,901	-	11,901	125,051	-	125,051
91200 Auditing Fees	1,105	92	1,197	2,783	645	3,428
91300 Management Fee	16,036	4,268	20,304	124,368	30,027	154,395
91310 Book-keeping Fee	2,393	-	2,393	18,555	-	18,555
91400 Advertising and Marketing	18	-	18	99	-	99
91500 Employee Benefit contributions - Administrative	6,538	-	6,538	72,870	-	72,870
91600 Office Expenses	5,503	-	5,503	7,593	-	7,593
91700 Legal Expense	2	-	2	1,441	-	1,441
91800 Travel	99	-	99	358	-	358
91900 Other	2,173	1,664	3,837	51,972	11,713	63,685
91000 Total Operating - Administrative	45,768	6,024	51,792	405,090	42,385	447,475
92000 Asset Management Fee	3,600	-	3,600	25,680	-	25,680
92100 Tenant Services - Salaries	1,574	-	1,574	12,210	-	12,210
92300 Employee Benefit Contributions - Tenant Services	573	-	573	4,330	-	4,330
92400 Tenant Services - Other	507	-	507	3,383	-	3,383
92500 Total Tenant Services	2,654	-	2,654	19,923	-	19,923
93100 Water	16,207	-	16,207	36,855	-	36,855
93200 Electricity	1,939	-	1,939	1,255	-	1,255
93300 Gas	-	-	-	-	-	-
93600 Sewer	23,336	-	23,336	85,565	-	85,565
93000 Total Utilities	41,482	-	41,482	123,675	-	123,675
94100 Ordinary Maintenance and Operations - Labor	5,725	-	5,725	137,858	-	137,858
94200 Ordinary Maintenance and Operations - Materials and	3,100	-	3,100	32,872	-	32,872
94300 Ordinary Maintenance and Operations Contracts	83,067	-	83,067	223,179	-	223,179
94500 Employee Benefit Contributions - Ordinary Maintenance	3,767	-	3,767	98,595	-	98,595
94000 Total Maintenance	95,659	-	95,659	492,504	-	492,504
95100 Protective Services - Labor	-	-	-	9,857	-	9,857
95500 Employee Benefit Contributions - Protective Services	-	-	-	1,628	-	1,628
95000 Total Protective Services	-	-	-	11,485	-	11,485
96110 Property Insurance	3,964	-	3,964	20,017	-	20,017
96300 Payments in Lieu of Taxes	2,512	-	2,512	45,707	-	45,707
96400 Bad debt - Tenant Rents	324	-	324	4,255	-	4,255
96000 Total Other General Expenses	2,836	-	2,836	49,962	-	49,962
96900 Total Operating Expenses	195,963	6,024	201,987	1,148,336	42,385	1,190,721
97000 Excess of Operating Revenue over Operating Expenses	(31,098)	40,701	9,603	(12,260)	286,371	274,111
97100 Extraordinary Maintenance	-	-	-	40,069	-	40,069
97200 Casualty Losses - Non-capitalized	-	-	-	5,584	-	5,584
97400 Depreciation Expense	42,033	-	42,033	179,782	-	179,782
90000 Total Expenses	237,996	6,024	244,020	1,373,771	42,385	1,416,156
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (73,131)	\$ 40,701	\$ (32,430)	\$(237,695)	\$ 286,371	\$ 48,676

AMP 3 OR006000300			AMP 4 OR006000400			AMP 5 OR006000500		
Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	Total
\$ 273,030	\$ -	\$ 273,030	\$ 429,800	\$ -	\$ 429,800	\$ 211,370	\$ -	\$ 211,370
-	-	-	8,736	-	8,736	2,400	-	2,400
273,030	-	273,030	438,536	-	438,536	213,770	-	213,770
404,279	13,357	417,636	291,425	985	292,410	228,891	142,936	371,827
-	90,246	90,246	-	6,655	6,655	-	80,402	80,402
419	-	419	210	-	210	146	-	146
31,457	-	31,457	3,406	-	3,406	5,500	-	5,500
709,185	103,603	812,788	733,577	7,640	741,217	448,307	223,338	671,645
93,052	-	93,052	89,182	-	89,182	48,531	-	48,531
892	203	1,095	2,783	15	2,798	659	181	840
75,355	9,463	84,818	89,179	698	89,877	52,582	8,431	61,013
11,243	-	11,243	13,305	-	13,305	7,845	-	7,845
68	-	68	79	-	79	57	-	57
64,114	-	64,114	59,002	-	59,002	27,127	-	27,127
8,759	-	8,759	10,683	-	10,683	9,009	-	9,009
781	-	781	8	-	8	136	-	136
372	-	372	1,166	-	1,166	2,087	-	2,087
10,968	3,691	14,659	8,749	272	9,021	6,223	3,288	9,511
265,604	13,357	278,961	274,136	985	275,121	154,256	11,900	166,156
15,540	-	15,540	17,880	-	17,880	10,680	-	10,680
7,465	-	7,465	8,294	-	8,294	4,745	-	4,745
2,588	-	2,588	3,037	-	3,037	1,745	-	1,745
2,075	-	2,075	2,433	-	2,433	1,408	-	1,408
12,128	-	12,128	13,764	-	13,764	7,898	-	7,898
10,948	-	10,948	13,449	-	13,449	30,469	-	30,469
4,009	-	4,009	71,541	-	71,541	12,220	-	12,220
-	-	-	47,788	-	47,788	14,239	-	14,239
14,696	-	14,696	24,334	-	24,334	37,931	-	37,931
29,653	-	29,653	157,112	-	157,112	94,859	-	94,859
103,942	-	103,942	34,803	-	34,803	59,892	-	59,892
42,298	-	42,298	19,786	-	19,786	14,742	-	14,742
189,410	-	189,410	78,524	-	78,524	75,710	-	75,710
77,496	-	77,496	26,918	-	26,918	47,078	-	47,078
413,146	-	413,146	160,031	-	160,031	197,422	-	197,422
-	-	-	2,342	-	2,342	1,079	-	1,079
-	-	-	389	-	389	183	-	183
-	-	-	2,731	-	2,731	1,262	-	1,262
22,527	-	22,527	12,817	-	12,817	9,024	-	9,024
24,189	-	24,189	27,269	-	27,269	11,493	-	11,493
5,942	-	5,942	836	-	836	726	-	726
30,131	-	30,131	28,105	-	28,105	12,219	-	12,219
788,729	13,357	802,086	666,576	985	667,561	487,620	11,900	499,520
(79,544)	90,246	10,702	67,001	6,655	73,656	(39,313)	211,438	172,125
12,283	-	12,283	3,448	-	3,448	3,665	-	3,665
-	-	-	-	-	-	-	-	-
166,412	-	166,412	79,263	-	79,263	57,769	-	57,769
967,424	13,357	980,781	749,287	985	750,272	549,054	11,900	560,954
160,477	-	160,477	-	-	-	-	-	-
-	-	-	(169,821)	-	(169,821)	-	-	-
160,477	-	160,477	(169,821)	-	(169,821)	-	-	-
\$ (97,762)	\$ 90,246	\$ (7,516)	\$ (185,531)	\$ 6,655	\$ (178,876)	\$ (100,747)	\$ 211,438	\$ 110,691

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION - LOW RENT PUBLIC HOUSING DETAIL
YEAR ENDED SEPTEMBER 30, 2014

	AMP 6 OR006000600			Total	Total	Total
	Low Rent	Capital Fund	Total	Low Rent	Capital Fund	
70300 Net Tenant Rental Revenue	\$ 204,979	\$ -	\$ 204,979	\$ 1,772,081	\$ -	\$ 1,772,081
70400 Tenant Revenue - Other	1,874	-	1,874	13,010	-	13,010
70500 Total Tenant Revenue	206,853	-	206,853	1,785,091	-	1,785,091
70600 HUD PHA Operating Grants	206,521	56,685	263,206	1,718,702	262,372	1,981,074
70610 Capital Grants	-	404,358	404,358	-	908,733	908,733
71100 Investment Income - Unrestricted	164	-	164	1,341	-	1,341
71500 Other Revenue	8,908	-	8,908	109,322	-	109,322
70000 Total Revenue	422,446	461,043	883,489	3,614,456	1,171,105	4,785,561
91100 Administrative Salaries	55,462	-	55,462	423,179	-	423,179
91200 Auditing Fees	659	863	1,522	8,881	1,999	10,880
91300 Management Fee	54,191	40,158	94,349	411,711	93,045	504,756
91310 Book-keeping Fee	8,085	-	8,085	61,426	-	61,426
91400 Advertising and Marketing	59	-	59	380	-	380
91500 Employee Benefit contributions - Administrative	30,050	-	30,050	259,701	-	259,701
91600 Office Expenses	9,922	-	9,922	51,469	-	51,469
91700 Legal Expense	5	-	5	2,373	-	2,373
91800 Travel	753	-	753	4,835	-	4,835
91900 Other	7,075	15,663	22,738	87,160	36,291	123,451
91000 Total Operating - Administrative	166,261	56,684	222,945	1,311,115	131,335	1,442,450
92000 Asset Management Fee	11,160	-	11,160	84,540	-	84,540
92100 Tenant Services - Salaries	4,866	-	4,866	39,154	-	39,154
92300 Employee Benefit Contributions - Tenant Services	1,793	-	1,793	14,066	-	14,066
92400 Tenant Services - Other	1,674	-	1,674	11,480	-	11,480
92500 Total Tenant Services	8,333	-	8,333	64,700	-	64,700
93100 Water	20,607	-	20,607	128,535	-	128,535
93200 Electricity	20,270	-	20,270	111,234	-	111,234
93300 Gas	1,173	-	1,173	63,200	-	63,200
93600 Sewer	24,984	-	24,984	210,846	-	210,846
93000 Total Utilities	67,034	-	67,034	513,815	-	513,815
94100 Ordinary Maintenance and Operations - Labor	50,591	-	50,591	392,811	-	392,811
94200 Ordinary Maintenance and Operations - Materials and	22,759	-	22,759	135,557	-	135,557
94300 Ordinary Maintenance and Operations Contracts	77,986	-	77,986	727,876	-	727,876
94500 Employee Benefit Contributions - Ordinary Maintenance	38,191	-	38,191	292,045	-	292,045
94000 Total Maintenance	189,527	-	189,527	1,548,289	-	1,548,289
95100 Protective Services - Labor	2,602	-	2,602	15,880	-	15,880
95500 Employee Benefit Contributions - Protective Services	434	-	434	2,634	-	2,634
95000 Total Protective Services	3,036	-	3,036	18,514	-	18,514
96110 Property Insurance	10,187	-	10,187	78,536	-	78,536
96300 Payments in Lieu of Taxes	13,226	-	13,226	124,396	-	124,396
96400 Bad debt - Tenant Rents	2,011	-	2,011	14,094	-	14,094
96000 Total Other General Expenses	15,237	-	15,237	138,490	-	138,490
96900 Total Operating Expenses	470,775	56,684	527,459	3,757,999	131,335	3,889,334
97000 Excess of Operating Revenue over Operating Expenses	(48,329)	404,359	356,030	(143,543)	1,039,770	896,227
97100 Extraordinary Maintenance	3,900	-	3,900	63,365	-	63,365
97200 Casualty Losses - Non-capitalized	-	-	-	5,584	-	5,584
97400 Depreciation Expense	121,771	-	121,771	647,030	-	647,030
90000 Total Expenses	596,446	56,684	653,130	4,473,978	131,335	4,605,313
10091 Inter Project Excess Cash Transfer In	9,344	-	9,344	169,821	-	169,821
10092 Inter Project Excess Cash Transfer Out	-	-	-	(169,821)	-	(169,821)
10100 Total Other financing Sources (Uses)	9,344	-	9,344	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$(164,656)	\$ 404,359	\$ 239,703	\$(859,522)	\$ 1,039,770	\$ 180,248

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR RURAL RENTAL ASSISTANCE PAYMENTS PROGRAM
SEPTEMBER 30, 2014**

	Camas	Norseman Village Apartments	Total
111 Cash - Unrestricted	\$ 27,332	\$ 60,977	\$ 88,309
113 Cash - Other Restricted	58,077	182,679	240,756
114 Cash - Tenant Security Deposits	12,754	16,859	29,613
100 Total Cash	<u>98,163</u>	<u>260,515</u>	<u>358,678</u>
125 Accounts Receivable - Miscellaneous	963	83	1,046
126 Accounts Receivable - Tenants	8,668	104	8,772
120 Total Receivables, Net of Allowances for Doubtful Accounts	<u>9,631</u>	<u>187</u>	<u>9,818</u>
142 Prepaid Expenses and Other Assets	4,211	4,576	8,787
150 Total Current Assets	<u>112,005</u>	<u>265,278</u>	<u>377,283</u>
161 Land	371,677	98,729	470,406
162 Buildings	945,242	3,989,216	4,934,458
166 Accumulated Depreciation	(272,877)	(300,313)	(573,190)
160 Total Capital Assets, Net of Accumulated Depreciation	<u>1,044,042</u>	<u>3,787,632</u>	<u>4,831,674</u>
290 Total Assets and Deferred Outflow of Resources	<u><u>\$ 1,156,048</u></u>	<u><u>\$ 4,052,910</u></u>	<u><u>\$ 5,208,957</u></u>
312 Accounts Payable <= 90 Days	\$ 16,791	\$ 4,299	\$ 21,090
325 Accrued Interest Payable	713	-	713
341 Tenant Security Deposits	12,522	16,345	28,866
342 Unearned Revenue	381	2	382
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	10,835	59,565	70,400
347 Inter Program - Due To	-	211,869	211,869
310 Total Current Liabilities	<u>41,241</u>	<u>292,079</u>	<u>333,320</u>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	446,031	1,743,086	2,189,117
300 Total Liabilities	<u>487,272</u>	<u>2,035,165</u>	<u>2,522,437</u>
508.4 Net Investment in Capital Assets	587,176	1,984,981	2,572,157
511.4 Restricted Net Position	58,310	183,193	241,503
512.4 Unrestricted Net Position	23,290	(150,429)	(127,140)
513 Total Equity - Net Assets / Position	<u>668,775</u>	<u>2,017,745</u>	<u>2,686,520</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u><u>\$ 1,156,048</u></u>	<u><u>\$ 4,052,910</u></u>	<u><u>\$ 5,208,957</u></u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR RURAL RENTAL ASSISTANCE PAYMENTS PROGRAM
SEPTEMBER 30, 2014**

	<u>Camas</u>	<u>Norseman Village Apartments</u>	<u>Total</u>
70300 Net Tenant Rental Revenue	\$ 118,774	\$ 116,718	\$ 235,492
70800 Other Government Grants	86,019	351,877	437,896
71500 Other Revenue	7,279	5,027	12,306
72000 Investment Income - Restricted	16	49	65
70000 Total Revenue	<u>212,088</u>	<u>473,671</u>	<u>685,759</u>
91100 Administrative Salaries	20,931	45,841	66,772
91200 Auditing Fees	1,105	1,130	2,235
91300 Management Fee	19,592	23,928	43,520
91400 Advertising and Marketing	739	(0)	739
91500 Employee Benefit contributions - Administrative	6,061	9,509	15,570
91600 Office Expenses	7,303	7,475	14,778
91700 Legal Expense	893	(0)	893
91800 Travel	246	561	807
91900 Other	2,892	4,657	7,549
91000 Total Operating - Administrative	<u>59,762</u>	<u>93,101</u>	<u>152,863</u>
93100 Water	10,204	5,204	15,408
93200 Electricity	5,908	3,409	9,317
93300 Gas	-	557	557
93600 Sewer	16,077	8,431	24,508
93000 Total Utilities	<u>32,190</u>	<u>17,600</u>	<u>49,790</u>
94100 Ordinary Maintenance and Operations - Labor	28,882	21,301	50,183
94200 Ordinary Maintenance and Operations - Materials & Other	29,986	9,636	39,622
94300 Ordinary Maintenance and Operations Contracts	41,796	14,288	56,084
94500 Employee Benefit Contributions - Ordinary Maintenance	7,746	5,588	13,334
94000 Total Maintenance	<u>108,410</u>	<u>50,813</u>	<u>159,223</u>
96110 Property Insurance	3,601	3,848	7,449
96400 Bad debt - Tenant Rents	844	0	844
96710 Interest of Mortgage (or Bonds) Payable	8,881	53,234	62,115
96900 Total Operating Expenses	<u>213,688</u>	<u>218,596</u>	<u>432,284</u>
97000 Excess of Operating Revenue over Operating Expenses	(1,601)	255,076	253,475
97400 Depreciation Expense	21,132	97,562	118,694
90000 Total Expenses	<u>234,821</u>	<u>316,157</u>	<u>550,978</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ (22,733)</u>	<u>\$ 157,514</u>	<u>\$ 134,781</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - DETAIL FOR INTEREST REDUCTION PAYMENTS PROGRAM
 SEPTEMBER 30, 2014

	Village Oaks	14 Pines	Total
113 Cash - Other Restricted	\$ 236,013	\$ 354,103	\$ 590,116
114 Cash - Tenant Security Deposits	27,698	12,564	40,262
100 Total Cash	<u>263,711</u>	<u>366,667</u>	<u>630,378</u>
126 Accounts Receivable - Tenants	2,903	2,960	5,863
142 Prepaid Expenses and Other Assets	-	3,368	3,368
143 Inventories	7,906	5,188	13,094
150 Total Current Assets	<u>274,520</u>	<u>378,183</u>	<u>652,703</u>
161 Land	593,299	770,248	1,363,547
162 Buildings	2,208,963	3,219,796	5,428,759
164 Furniture, Equipment & Machinery - Administration	19,580	13,433	33,013
166 Accumulated Depreciation	<u>(859,832)</u>	<u>(1,186,344)</u>	<u>(2,046,176)</u>
160 Total Capital Assets, Net of Accumulated Depreciation	<u>1,962,009</u>	<u>2,817,134</u>	<u>4,779,143</u>
290 Total Assets and Deferred Outflow of Resources	<u>\$ 2,236,529</u>	<u>\$ 3,195,317</u>	<u>\$ 5,431,846</u>
312 Accounts Payable <= 90 Days	\$ 17,031	\$ 18,561	\$ 35,592
321 Accrued Wage/Payroll Taxes Payable	1,846	1,767	3,612
341 Tenant Security Deposits	27,698	12,564	40,262
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	31,620	31,620
347 Inter Program - Due To	<u>105,524</u>	<u>174,791</u>	<u>280,316</u>
310 Total Current Liabilities	<u>152,099</u>	<u>239,303</u>	<u>391,402</u>
508.4 Net Investment in Capital Assets	1,962,009	2,785,514	4,747,523
511.4 Restricted Net Position	236,013	354,103	590,116
512.4 Unrestricted Net Position	(113,592)	(183,603)	(297,195)
513 Total Equity - Net Assets / Position	<u>2,084,430</u>	<u>2,956,014</u>	<u>5,040,444</u>
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	<u>\$ 2,236,529</u>	<u>\$ 3,195,317</u>	<u>\$ 5,431,846</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR INTEREST REDUCTION PAYMENTS PROGRAM
SEPTEMBER 30, 2014**

	<u>Village Oaks</u>	<u>14 Pines</u>	<u>Total</u>
70300 Net Tenant Rental Revenue	\$ 313,669	\$ 149,406	\$ 463,075
70400 Tenant Revenue - Other	7,548	4,322	11,870
70500 Total Tenant Revenue	<u>321,217</u>	<u>153,728</u>	<u>474,945</u>
70600 HUD PHA Operating Grants	76,942	282,295	359,237
71500 Other Revenue	15,818	11,241	27,058
72000 Investment Income - Restricted	218	182	400
70000 Total Revenue	<u>414,194</u>	<u>447,446</u>	<u>861,640</u>
91100 Administrative Salaries	52,472	68,749	121,221
91200 Auditing Fees	1,105	1,338	2,443
91300 Management Fee	41,653	38,408	80,061
91400 Advertising and Marketing	341	316	657
91500 Employee Benefit contributions - Administrative	51,309	59,556	110,865
91600 Office Expenses	22,553	14,021	36,574
91700 Legal Expense	845	1,029	1,874
91800 Travel	125	120	245
91900 Other	999	1,000	1,999
91000 Total Operating - Administrative	<u>171,402</u>	<u>184,537</u>	<u>355,939</u>
93100 Water	14,382	12,363	26,745
93200 Electricity	9,629	9,320	18,950
93300 Gas	11,264	1,185	12,448
93600 Sewer	17,489	15,579	33,068
93000 Total Utilities	<u>52,764</u>	<u>38,447</u>	<u>91,211</u>
94100 Ordinary Maintenance and Operations - Labor	43,211	52,331	95,542
94200 Ordinary Maintenance and Operations - Materials and Other	27,843	26,186	54,029
94300 Ordinary Maintenance and Operations Contracts	76,713	126,979	203,692
94500 Employee Benefit Contributions - Ordinary Maintenance	6,607	11,979	18,586
94000 Total Maintenance	<u>154,374</u>	<u>217,475</u>	<u>371,849</u>
95200 Protective Services - Other Contract Costs	2,331	-	2,331
95500 Employee Benefit Contributions - Protective Services	360	-	360
95000 Total Protective Services	<u>2,691</u>	<u>-</u>	<u>2,691</u>
96110 Property Insurance	7,609	7,348	14,957
96400 Bad debt - Tenant Rents	2,953	666	3,618
96710 Interest of Mortgage (or Bonds) Payable	-	1,849	1,849
96900 Total Operating Expenses	<u>391,792</u>	<u>450,322</u>	<u>842,114</u>
97000 Excess of Operating Revenue over Operating Expenses	<u>22,402</u>	<u>(2,876)</u>	<u>19,526</u>
97100 Extraordinary Maintenance	4,640	400	5,040
97400 Depreciation Expense	50,303	73,060	123,362
90000 Total Expenses	<u>446,735</u>	<u>523,782</u>	<u>970,516</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ (32,540)</u>	<u>\$ (76,336)</u>	<u>\$ (108,876)</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR BUSINESS ACTIVITIES
SEPTEMBER 30, 2014**

	Community Services Agency	Firwood	Richardson Bridge	Heeran Center	Signpost	Totals	
111	Cash - Unrestricted	\$ 550	\$ 50	\$ 109,025	\$ -	\$ -	\$ 109,625
113	Cash - Other Restricted	-	204,443	35,983	110,608	-	351,033
114	Cash - Tenant Security Deposits	-	31,315	17,699	-	1,010	50,024
100	Total Cash	550	235,808	162,707	110,608	1,010	510,682
124	Accounts Receivable - Other Government	128,342	-	-	-	-	128,342
125	Accounts Receivable - Miscellaneous	904,661	-	-	-	7,221	911,882
126	Accounts Receivable - Tenants	-	1,588	2,530	4,000	-	8,118
129	Accrued Interest Receivable	1,257,564	-	-	-	-	1,257,564
120	Total Receivables, Net of Allowances for Doubtful Accounts	2,290,567	1,588	2,530	4,000	7,221	2,305,906
131	Investments - Unrestricted	857,842	-	-	-	-	857,842
142	Prepaid Expenses and Other Assets	9,133	13,019	4,204	61	940	27,357
143	Inventories	-	1,993	-	-	-	1,993
144	Inter Program Due From	1,767,101	-	1,550	-	-	1,768,651
150	Total Current Assets	4,925,192	252,408	170,991	114,669	9,171	5,472,431
161	Land	1,624,832	-	79,020	403,815	195,358	2,303,025
162	Buildings	426,936	2,848,353	949,944	2,212,833	583,254	7,021,320
163	Furniture, Equipment & Machinery - Dwellings	-	8,032	-	73,011	-	81,043
164	Furniture, Equipment & Machinery - Administration	722,581	-	-	-	-	722,581
166	Accumulated Depreciation	(902,890)	(1,095,631)	(408,868)	(557,705)	(186,281)	(3,151,375)
160	Total Capital Assets, Net of Accumulated Depreciation	1,871,459	1,760,754	620,096	2,131,954	592,331	6,976,594
171	Notes, Loans and Mortgages Receivable - Non-Current	4,783,420	-	-	-	-	4,783,420
174	Other Assets	221,041	-	-	-	-	221,041
176	Investments in Joint Ventures	1,319,730	-	-	-	-	1,319,730
180	Total Non-Current Assets	8,195,650	1,760,754	620,096	2,131,954	592,331	13,300,785
290	Total Assets and Deferred Outflow of Resources	\$ 13,120,843	\$ 2,013,162	\$ 791,087	\$ 2,246,623	\$ 601,502	\$ 18,773,216

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

FINANCIAL DATA SCHEDULE - DETAIL FOR BUSINESS ACTIVITIES
 SEPTEMBER 30, 2014

	Community Services Agency	Firwood	Richardson Bridge	Heeran Center	Signpost	Totals	
312	Accounts Payable <= 90 Days	\$ 29,603	\$ 4,009	\$ 6,179	\$ 1,014	\$ 4,138	\$ 44,943
321	Accrued Wage/Payroll Taxes Payable	(740)	1,019	-	-	-	279
322	Accrued Compensated Absences - Current Portion	85,830	-	-	-	-	85,830
325	Accrued Interest Payable	-	13,914	-	1,150	-	15,064
341	Tenant Security Deposits	-	34,585	17,699	-	1,010	53,294
342	Unearned Revenue	1,350	-	53	-	-	1,403
343	Current Portion of Long-term Debt - Capital	12,830	87,135	-	80,913	9,265	190,143
345	Other Current Liabilities	858	-	-	-	-	858
347	Inter Program - Due To	1,162,888	103,015	508	(367,256)	(178,163)	720,991
310	Total Current Liabilities	1,292,619	243,677	24,439	(284,179)	(163,750)	1,112,805
351	Long-term Debt, Net of Current - Capital	413,373	907,712	-	1,560,475	31,897	2,913,457
300	Total Liabilities	1,705,992	1,151,389	24,439	1,276,296	(131,853)	4,026,262
508.4	Net Investment in Capital Assets	1,445,256	765,907	620,096	490,566	551,169	3,872,994
511.4	Restricted Net Position	-	201,173	35,983	110,608	-	347,763
512.4	Unrestricted Net Position	9,969,594	(105,306)	110,570	369,153	182,186	10,526,197
513	Total Equity - Net Assets / Position	11,414,850	861,773	766,648	970,327	733,355	14,746,954
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$ 13,120,843	\$ 2,013,162	\$ 791,087	\$ 2,246,623	\$ 601,502	\$ 18,773,216

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR BUSINESS ACTIVITIES
SEPTEMBER 30, 2014**

	Community Services Agency	Firwood	Richardson Bridge	Heeran Center	Signpost	Totals
70300 Net Tenant Rental Revenue	\$ -	\$ 486,460	\$ 202,969	\$ 177,846	\$ 85,099	\$ 952,374
70800 Other Government Grants	661,760	-	-	33,094	-	694,854
71100 Investment Income - Unrestricted	293,431	-	8	-	-	293,439
71200 Mortgage Interest Income	1,454	-	-	-	-	1,454
71500 Other Revenue	385,319	9,066	2,215	2,608	7,053	406,261
72000 Investment Income - Restricted	-	17	-	131	12	160
70000 Total Revenue	<u>1,341,964</u>	<u>495,543</u>	<u>205,192</u>	<u>213,679</u>	<u>92,164</u>	<u>2,348,542</u>
91100 Administrative Salaries	176,929	51,495	12,432	8,222	2,663	251,741
91200 Auditing Fees	2,373	-	-	-	-	2,373
91300 Management Fee	-	-	13,718	-	12,996	26,714
91400 Advertising and Marketing	78	11	-	-	-	89
91500 Employee Benefit contributions - Administrative	80,895	26,995	2,414	4,147	1,594	116,045
91600 Office Expenses	21,061	6,316	6,505	700	85	34,667
91700 Legal Expense	(237)	567	388	-	-	718
91800 Travel	5,268	150	201	4	0	5,623
91900 Other	48,197	6,148	2,460	190	1	56,996
91000 Total Operating - Administrative	<u>334,564</u>	<u>91,682</u>	<u>38,118</u>	<u>13,263</u>	<u>17,339</u>	<u>494,966</u>
92400 Tenant Services - Other	-	20	-	-	-	20
93100 Water	-	11,862	8,312	-	1,876	22,050
93200 Electricity	-	10,350	4,030	-	2,398	16,778
93300 Gas	-	-	-	-	234	234
93600 Sewer	-	18,934	12,036	-	2,816	33,786
93000 Total Utilities	-	<u>41,146</u>	<u>24,378</u>	-	<u>7,324</u>	<u>72,848</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**FINANCIAL DATA SCHEDULE - DETAIL FOR BUSINESS ACTIVITIES
SEPTEMBER 30, 2014**

	Community Services Agency	Firwood	Richardson Bridge	Heeran Center	Signpost	Totals
94100 Ordinary Maintenance and Operations - Labor	\$ 31,770	\$ 38,771	\$ 21,464	\$ 5,387	\$ 7,059	\$ 104,451
94200 Ordinary Maintenance and Operations - Materials and Other	202,960	19,308	30,075	6,069	11,926	270,338
94300 Ordinary Maintenance and Operations Contracts	139,743	50,711	21,366	35,185	6,234	253,239
94500 Employee Benefit Contributions - Ordinary Maintenance	14,033	27,306	4,854	3,179	-	49,372
94000 Total Maintenance	<u>388,506</u>	<u>136,096</u>	<u>77,759</u>	<u>49,820</u>	<u>25,219</u>	<u>677,400</u>
96110 Property Insurance	-	8,999	3,460	2,752	-	15,211
96140 All Other Insurance	5,043	-	-	-	1,121	6,164
96100 Total insurance Premiums	<u>5,043</u>	<u>8,999</u>	<u>3,460</u>	<u>2,752</u>	<u>1,121</u>	<u>21,375</u>
96200 Other General Expenses	191,549	46,382	-	-	-	237,931
96400 Bad debt - Tenant Rents	-	1,543	642	-	-	2,185
96000 Total Other General Expenses	<u>191,549</u>	<u>47,925</u>	<u>642</u>	<u>-</u>	<u>-</u>	<u>240,116</u>
96710 Interest of Mortgage (or Bonds) Payable	11,460	53,446	-	28,447	2,305	95,658
96900 Total Operating Expenses	<u>931,122</u>	<u>379,314</u>	<u>144,357</u>	<u>94,282</u>	<u>53,308</u>	<u>1,602,383</u>
97000 Excess of Operating Revenue over Operating Expenses	<u>410,842</u>	<u>116,229</u>	<u>60,835</u>	<u>119,397</u>	<u>38,856</u>	<u>746,159</u>
97100 Extraordinary Maintenance	5,082	1,950	-	3,200	4,428	14,660
97300 Housing Assistance Payments	10,004	-	-	-	-	10,004
97400 Depreciation Expense	14,005	64,088	71,741	53,089	14,581	217,504
90000 Total Expenses	<u>960,213</u>	<u>445,352</u>	<u>216,098</u>	<u>150,571</u>	<u>72,317</u>	<u>1,844,551</u>
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>\$ 381,751</u>	<u>\$ 50,191</u>	<u>\$ (10,906)</u>	<u>\$ 63,108</u>	<u>\$ 19,847</u>	<u>\$ 503,991</u>

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF CAPITAL FUND PROGRAM
YEAR ENDED SEPTEMBER 30, 2014**

1. The actual Modernization Costs on Modernization Project No. OR16P00650110 is as follows:

	Funds <u>Approved</u>	Funds <u>Expended</u>	Excess of Funds <u>Approved</u>	Funds <u>Advanced</u>	Funds <u>Expended</u>	Excess of Funds <u>Advanced</u>
Operations	\$ 208,750	\$ 208,750	\$ -	\$ 208,750	\$ 208,750	\$ -
Management improvemen	5,836	5,836	-	5,836	5,836	-
Administration	104,376	104,376	-	104,376	104,376	-
Audit	2,000	2,000	-	2,000	2,000	-
Fees and costs	75,486	75,486	-	75,486	75,486	-
Site improvements	57,198	57,198	-	57,198	57,198	-
Dwelling structures	513,341	513,341	-	513,341	513,341	-
Dwelling equipment	8,848	8,848	-	8,848	8,848	-
Non-dwelling structures	26,331	26,331	-	26,331	26,331	-
Demolition	41,496	41,496	-	41,496	41,496	-
Relocation costs	96	96	-	96	96	-
	<u>\$ 1,043,758</u>	<u>\$ 1,043,758</u>	<u>\$ -</u>	<u>\$ 1,043,758</u>	<u>\$ 1,043,758</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.

SINGLE AUDIT SECTION

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2014

SECTION 2 - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding No. 2013-01

Condition 1 – Bank Reconciliations

Condition - HACSA has procedures in place to reconcile bank statements to the general ledger on a monthly basis; however certain reconciling items that require adjustments to general ledger balances are not made on a timely basis. This results in reconciling items being carried forward from month to month.

Recommendation - Supervisory personnel should review and approve the monthly bank reconciliations. Reconciling items that require adjustment to general ledger balances should be adjusted in the period that the required adjustments are determined.

Status - HACSA has adopted written policies concerning the timing and approval of bank reconciliations as well as procedures for resolving reconciling items. All bank reconciliations are to be completed by the 20th of the following month by a staff member who does not write checks and reviewed before the end of the month by another staff member who does not write checks. Reconciling items will be investigated and adjusted as appropriate.

Condition 2 – Other Reconciliations

Condition - Certain general ledger balances were not reconciled to detail records or other supporting documents or periodically reviewed for propriety as follows:

- a. Certain grants receivable and deferred revenue account balances, particularly for the weatherization program, were not reconciled to detail records and assessed for collectability on a timely basis. This resulted in adjustments as of September 30, 2012 to eliminate grants receivable of \$151,049, deferred weatherization revenue of \$136,064, and other deferred revenue of \$58,711.
- b. A general ledger cash account with a balance of \$50,851 was not supported by an actual bank deposit account and there had been no general ledger activity in this account since 2005.
- c. Insurance claims receivable balances were not estimated or periodically assessed for collectability. This resulted in an adjustment of \$65,813 as of September 30, 2012 to write-off uncollectable insurance claims receivable.

Recommendation - Significant general ledger balances should be reconciled to detail records monthly and balances should be reviewed for proper accounting treatment as well as collectability.

Status -

- a. All of the amounts were adjusted as of September 30, 2012. In the future, all balance sheet accounts will be verified and reconciled to the general ledger balance at the end of each year.
- b. HACSA has adopted written policies concerning the timing and approval of bank reconciliations as well as procedures for resolving reconciling items. All general ledger cash accounts are being reconciled to supporting bank statements monthly.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2014

SECTION 2 - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding No. 2013-01 - Continued

- c. As soon as an event occurs that will trigger an insurance claim, an account number will be created in the appropriate program and project, account 1130, with a new detail code. At the same time, it will be determined whether staff time can be charged to this claim. All other costs related to the repair will be charged to the new code. When insurance proceeds are received, the proceeds will be credited to this account and any unreimbursed costs, including deductible, will be expensed. All "1130" accounts will be reviewed with the risk manager at year-end.

Condition 3 – Recurring Journal Entries

Condition - HACSA sets up recurring journal entries to record transactions that occur each month. However the recurring journal entries are not reviewed periodically to determine their continued applicability and certain journal entries continued to be recorded each month even after the underlying transactions ceased.

Recommendation - Recurring journal entries should be reviewed periodically to determine their continued applicability.

Status - HACSA has adopted written policies regarding recurring journal entries. Each year, all recurring journal entries will be reviewed by the Finance Manager or designee. Required changes to recurring journal entries, if any, will be made at the time of the review.

Condition 4 – Transactions with Component Units

Condition - HACSA's investments in limited partnerships were financed in part through grants to HACSA for which the proceeds were then either loaned or contributed to capital of a limited partnership. The transactions were recorded in the accounting records of the limited partnerships but the transactions were not consistently recorded in the financial records of HACSA resulting in differences as follows:

- a. Grant proceeds that were loaned to Hawthorn-at-29th LLC were not recorded in the general ledger of HACSA requiring an adjustment of \$860,682 as of September 30, 2012.
- b. Grant proceeds to HACSA of \$646,827 were contributed to capital of Roosevelt Crossing Limited Partnership; however the grant proceeds and the related investment in limited partnership were not recorded in the financial records of HACSA.
- c. The investments in limited partnerships balance was recorded on the initial costs basis and was not reconcilable to the capital accounts of the limited partnerships. An adjustment of \$736,721 was made as of September 30, 2012 to reduce the investments in limited partnerships to agree with the amounts reflected in the accounting records of the limited partnerships. In addition, an adjustment of \$20,597 was made to convert the accounting for investments in limited partnerships to the equity method. This resulted in a further reduction in the investments in limited partnerships.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2014

SECTION 2 - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding No. 2013-01 - Continued

Recommendation - Many of the significant transactions with the component units are initiated in the development phase and require thorough review of the legal documents to determine proper accounting treatment. These documents should be reviewed by the finance department in conjunction with personnel responsible for development to determine proper accounting. Transactions that are recorded by the component unit may also require recognition by HACSA.

Status - Each year the equity accounts for each component unit will be reconciled to the investment amount reported in HACSA's general ledger for each respective component unit. For component units in the development phase, the Finance Director will review the proper accounting for the component unit and determine that any transactions that effect HACSA's general ledger accounts are recorded in HACSA's general ledger at the time the transaction is originated.

Condition 5 – Chart of Accounts

Condition - The chart of accounts was originally designed to produce reliable financial information by program, however the chart of accounts has not been updated for changes in HACSA's operations and accurate account coding has not been enforced. As a result, the preparation of accurate and complete financial statements by program is a lengthy and difficult process. For example, Fund 03 is frequently being used for various programs when separate fund codes have not been set up in general ledger chart of accounts. This results in the financial information for various programs being accumulated in Fund 03 which then requires detailed analysis to sort out information by program.

Recommendation - The chart of accounts should be updated to reflect all programs that are being managed by HACSA. In addition, the importance of properly coding all transactions should be stressed to all personnel who initiate general ledger transactions.

Status - The chart of accounts will be updated as new transactions are originated. The proper FDS code will be assigned concurrent with any changes in the chart of accounts.

To facilitate accounting and reporting, effective October 1, 2014, separate funds have been established for the various programs that were being accumulated in Fund 03.

Condition 6 – REAC Submissions

Condition - HACSA is required to submit annual financial statements electronically to HUD through REAC. To facilitate the preparation of financial statements in the format required by HUD, each general ledger account should be assigned a proper FDS code. We noted several general ledger accounts that were coded incorrectly and some general ledger accounts that were not coded.

Recommendation - Each general ledger account should be assigned a proper FDS code and importance of entering the correct FDS code should be stressed to all personnel who initiate general ledger transactions.

Status - The chart of accounts has been updated to include the proper FDS code for each account.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2014

SECTION 2 - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding No. 2013-01 - Continued

Condition 7 – Inter-Fund Balances

Condition - Other than restricted deposits and a bank account for the housing choice voucher program, HACSA has one operating cash account within the central office costs center that is used to account for transactions in the various programs. Cash transactions in the various programs are recorded through inter-fund receivables and payables; however there are no procedures in place to reconcile the inter-fund receivable and payable balances on a monthly basis.

Recommendation - Inter-fund balances should be reconciled on a monthly basis and corrections, if any, should be recorded in the period they are determined.

Status - Inter-fund accounts are being reconciled monthly by the Finance Director or designee. Cash transfers to clear inter-fund balances due to the Housing Choice Vouchers or Public Housing programs are being made monthly. Other inter-fund balances will be cleared at least quarterly.

Condition 8 – Weatherization Grants

Condition - Other than bank statements that show the receipt of funds from Lane County, detail supporting records for the weatherization program were not available. The predecessor responsible for preparing draw requests is no longer with HACSA and current agency personnel were not able to retrieve the records created by their predecessor.

Recommendation - Procedures should be adopted to ensure that all detail records supporting general ledger transactions be maintained and that other agency personnel have access to such records in the event of employee turnover.

Status - Draw requests and other documentation supporting the receipt for weatherization grants will be retained for a period of at least three years.

Condition 9 – Depreciation

Condition - HACSA uses Excel spreadsheets to track capital assets and depreciation. Due to formula errors, certain additions to fixed assets were not being depreciated.

Recommendation - Depreciation computations should be reviewed by supervisory personnel, including the review of formulas that relate to changes from the prior year such as property additions, retirements or assets that may have become fully depreciated.

Status - Accounting policies have been updated to require that a second staff member review the depreciation schedules for accuracy including comparing totals to the respective general ledger account.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2014

SECTION 2 - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding No. 2013-01 - Continued

Condition 10 – Development Costs

Condition - In connection with HACSA's development activities, certain transactions have been recorded on the cash basis that required adjustment to the accrual basis. This includes the recording of retainage payable on construction contracts and the recording of development fees earned by HACSA which should be recorded when earned rather than when payment is received.

Recommendation - Development costs should be recorded when the costs are incurred. This includes recording construction retainage that may not be payable until after construction is completed and development fees that are earned on the accrual basis as projects are completed.

Status - HACSA construction contracts, whether related to new development or the rehabilitation of existing projects, are tracked on a contract log. Payments to contractors are tracked on a contract payment log. At year-end, both logs will be reviewed so that amounts payable to contractors, including construction retainage can be recorded. Development fees earned will be determined at year-end based on coordination with HACSA's development director and review of the development services agreement. Development fees earned but not yet paid will be accrued.

Condition 11 – Long-Term Debt

Condition - There were several differences related to long-term debt that required adjustment including the following:

- a. Forgivable loans that are forgivable on a pro-rata basis over the term of the loan were not adjusted to recognize the portion forgiven each year.
- b. Certain loan balances at September 30, 2012 were not reconciled to the actual loan balance as reported by the lender and required adjustment as of September 30, 2012.
- c. Interest accruing on a construction loan was not recorded and required an adjustment of \$65,741 as of September 30, 2012 and additional adjustment of \$57,181 for the year ended September 30, 2013.
- d. HACSA received development grants of \$2,188,165 for the Norseman Village Apartments of which \$1,880,429 was received during the year ended September 30, 2013. The amount received by HACSA in the year ended September 30, 2013 was recorded as a long-term note payable. An adjustment was required to recognize grant income.

Recommendation - Loan documents should be reviewed at the time a loan is originated to determine the proper accounting treatment. A determination should be made as to whether the legal documents indicate a loan or a development grant that should be recognized as income. Income from forgivable loans should be recognized during the period that the loans are forgiven. This can be accomplished by establishing recurring journal entries to record income on loans that are forgivable on a pro-rata basis over the term of the loan. Periodically general ledger loan balances should be agreed or reconciled to monthly or annual statements received from the lender.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2014

SECTION 2 - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding No. 2013-01 - Continued

Status - Any time a loan is originated the loan documents shall be reviewed by the Finance director or designee so that the proper accounting treatment can be established. Care shall be taken to distinguish between a loan and a grant, with the term “soft loan” or “forgivable loan”, being used to describe any loan that is never going to be paid as long as a particular building is being used for its original purpose. Forgivable loans shall be set up on recurring journal entries so that the total amount of the loan is taken into income over the life of the loan. Loan balances shall be agreed to loan balances per the lender at least once a year during the final month of the fiscal year.

A long-term debt schedule shall be maintained by the finance department and used as an audit workpaper. The long term debt schedule shall be reviewed at least once a year and updated when necessary. The review process will include agreeing the amounts on the schedule with the general ledger and with the loan statements from the lending institution.

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 its discretely presented component units, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise HACSA's basic financial statements, and have issued our report thereon dated June 26, 2015. The financial statements of the discretely presented component units, except for Hawthorn-at-29th LLC, Munsel Park Limited Partnership, and Roosevelt Crossing Limited Partnership were not audited in accordance with Government Auditing Standards. This report does not include the results of the testing of internal control over financial reporting or compliance and other matters that are reported on separately for Hawthorn-at-29th LLC, Munsel Park Limited Partnership, and Roosevelt Crossing Limited Partnership

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bjorklund & Montclair

Portland, Oregon
June 26, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited Housing And Community Services Agency of Lane County (“HACSA”)’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of HACSA’s major federal programs for the year ended September 30, 2014. HACSA’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, HACSA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

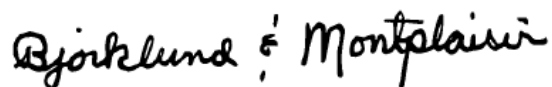
Report on Internal Control over Compliance

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

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

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

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



Portland, Oregon
June 26, 2015

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2014**

Federal Grantor/Program Title	Federal CFDA Number	Subgrant ID Number	2014 Expenditures
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Housing Choice Vouchers	* 14.871	N/A	\$ 16,535,745
Family Self Sufficiency Program	14.896	N/A	136,258
Public Housing	* 14.850	N/A	1,718,702
Public Housing Capital Fund Program	* 14.872	N/A	1,171,106
Shelter Plus Care	14.238	N/A	420,148
Resident Opportunity and Support Services - Service Coordinator	14.870	N/A	87,954
Supportive Housing Program - McKenzie Transitions	14.235	N/A	238,743
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	76,942
Fourteen Pines	14.103	N/A	282,295
Passed through Oregon Housing and Community Services Dept. - Section 8 New Construction and Substantial Rehabilitation - Abbie Lane Apartments	14.182	N/A	208,714
Passed through City of Springfield - HOME Investment Partnership Program - Glenwood	14.239	888	74,145
Passed through state of Oregon: HOME Investment Partnership Program	14.239		
Camas Apartments		X001-265	634,318
Munsel Park		0000008	670,726
Passed through city of Eugene: HOME Investment Partnership Program	* 14.239		
Jacobs Lane		98-02018	451,600
Hawthorn-at-29th		2009-02052	700,000
Laurel Garden		96-02103	137,200
Sheldon Village I		2002-02009	284,195
Sheldon Village II		2002-02091	290,805
Turtle Creek		2006-02013	565,000
Walnut Park		9570643	515,000
Willakenzie			225,000
Total Department of Housing and Urban Development			27,551,467

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2014**

Federal Grantor/Program Title	Federal CFDA Number	Subgrant ID Number	2014 Expenditures
Under States Department of Agriculture			
Direct Programs:			
Rural Rental Housing Loan - Camas Apartments	* 10.415	N/A	\$ 446,032
Rural Rental Housing Loan - Norsemen Village	* 10.415	N/A	1,813,485
Rural Rental Assistance Payments - Camas Apartments	* 10.427	N/A	109,006
Rural Rental Assistance Payments - Norsemen Village	* 10.427	N/A	<u>212,724</u>
Total Department of Agriculture			<u>2,581,247</u>
U.S. Department of Energy			
Passed through Lane County, Oregon:			
Weatherization Assistance for Low Income Persons	81.042	25765	159,029
Bonneville Power Administration	81.042	25765	<u>400,246</u>
Total Department of Energy			<u>559,275</u>
U.S. Department of Health and Human Services			
Passed through Lane County, Oregon -			
Low Income Home Energy Assistance Program	93.568	25765	<u>406,144</u>
Total Department of Health and Human Services			<u>406,144</u>
Total expenditures of federal awards			<u><u>\$ 31,098,133</u></u>

* Denotes Major Program

See accompanying notes to Schedule of Expenditures of Federal Awards.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED SEPTEMBER 30, 2014

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing And Community Services Agency of Lane County ("HACSA"), a component unit of Lane County, Oregon, under programs of the federal government for the year ended September 30, 2014. The information in this schedule is presented in accordance with the requirements of Office of management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* . Because the schedule presents only a selected portion of the operations of HACSA, it is not intended to and does not represent the statement of net position, statement of revenues, expenses and changes in net position or statement of cash flows of HACSA.

Note 2. Summary of Significant Accounting Policies

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

Note 3. HUD Interpretations

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

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2014**

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 510(a) of OMB Circular A-133? _____ Yes X No

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Housing Choice Vouchers	14.871
Public Housing	14.850
Public Housing Capital Fund Program	14.872
HOME Investment Partnership Program	14.239
Rural Rental Housing Loan	10.415
Rural Rental Assistance Payments	10.427

Dollar threshold used to distinguish between Type A and Type B programs \$664,913

Auditee qualified as low-risk auditee? _____ Yes X No

SECTION 2 - FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

**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 its discretely presented component units, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise HACSA's basic financial statements, and have issued our report thereon dated June 26, 2015. Our report includes an emphasis of a matter paragraph indicating that HACSA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65.

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

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 26, 2015