



Financial Statements & Supplementary Data

The Housing Authority of Washington County

(A Component Unit of Washington County, Oregon)



Year Ended June 30, 2015

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**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Governing Body Under ORS 456.095

Housing Authority Board of Directors
Washington County, Oregon
155 North First Avenue
Hillsboro, Oregon 97124-3091

Board of Directors as of June 30, 2015

<u>Name</u>	<u>Term Expires</u>
Andy Duyck * Director	December 31, 2017
Greg Malinowski * Director	December 31, 2015
Trisha Peterson Director	December 31, 2015
Roy Rogers * Director	December 31, 2018
Dick Schouten * Director	December 31, 2016
Bob Terry * Director	December 31, 2015
Ramsay Weit Director	June 30, 2015

* Directors also serve on the Washington County Board of Commissioners

Housing Authority Administrative Staff

Adolph A. Valfre, Jr., Executive Director

Washington County Administrative Staff

Robert Davis, County Administrator

Mary Gruss, Chief Finance Officer

Adolph A. Valfre, Jr., Director, Department of Housing Services

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**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY**

(A Component Unit of Washington County, Oregon)

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December 21, 2015

To the Housing Authority Board of Directors and Citizens of
Washington County, Oregon:

The Housing Authority of Washington County (the Authority) is pleased to present audited financial statements for the fiscal year that ended June 30, 2015. This report consists of management's representations concerning the finances of the Authority. Consequently, responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with management. Generally accepted accounting principles (GAAP) require that Management provide a narrative introduction, overview and analysis to accompany the Basic Financial Statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report on the basic financial statements.

Housing Authority Programs

The Authority strives to provide opportunities for low income individuals and families to obtain clean, safe, and affordable housing in Washington County, in a variety of ways:

- The Section 8 Housing Choice Voucher program is the largest program administered by the Authority. The US Department of Housing and Urban Development (HUD) provides funding to provide up to 2,706 families with rental assistance, in the form of direct payments to landlords for all or part of their rent, depending on income. Clients obtain assistance through an application and screening process that gives preference to elderly and disabled individuals. The Authority also has 87 Veterans Affairs Supportive Housing (VASH) vouchers, which provide veterans with housing in conjunction with services received from Veterans Affairs. Another Section 8 program is Family Self-Sufficiency (FSS), under which individuals who voluntarily participate in a self-sufficiency program are eligible for additional funds, which are placed in escrow each month, and are available to pay for education, to start a business, or to purchase a home upon successful completion of the program. The Authority currently has 85 participants in the FSS program.
- The Low Rent Public Housing program provides housing directly to 243 families in Authority-owned, HUD-subsidized rental housing. These units, primarily single-family dwellings and duplexes, were acquired by the Authority between 1979 and 1996. Rent is based on income, and HUD provides an operating subsidy and capital improvement funds. During FY2014-15, the Authority invested approximately \$34,000 of funds provided by the Public Housing Capital Fund program, and approximately \$56,000 of Public Housing Operating subsidy, for modernization.
- The Authority owns two Project-Based Section 8 rental properties for low-income seniors, Holly Tree Village in Beaverton and Tarkington Square in Hillsboro, totaling 188 units. Like the regular Section 8 program, the rent is based on income, and the Authority receives an operating subsidy to supplement rent receipts. Other subsidized properties include a 12-unit USDA-supported property, Kaybern Terrace, and eight units of supportive and transitional housing which receive services from other county agencies, and are funded through loan subsidies from the State of Oregon and Supportive Housing funds from HUD.

- The Authority serves as the sole member of the Aloha Park Apartments, LLC, which owns Aloha Park Apartments, an 80-unit multi-family apartment complex in Aloha, which includes eight units receiving Project-Based Section 8 rental subsidies, and 72 non-subsidized affordable units.
- The Authority also owns 339 units of affordable housing, in 12 locations, which do not receive direct rental subsidies. These units are priced for families earning under 60% of the area median income (AMI). The Authority also co-owns 711 units of affordable housing in Beaverton, wherein 40% of the units are priced for families earning under 60% area median income, and 60% of the units are priced for families earning under 80% area median income.

Department of Housing Services Programs

All of the Housing Authority programs are administered by the 35 employees of the Washington County Department of Housing Services (the Department), which in form is a separate entity from the Authority, but in substance is one and the same. The Department is a special revenue fund of Washington County (the County), and also administers the following homeless programs:

- **Ten-Year Plan.** On June 3, 2008, the Board of County Commissioners adopted a first-ever strategic plan that moves homeless families and individuals to self-sufficiency. This plan provides the framework for the County’s efforts to reduce homelessness. Details of the plan can be found in *A Road Home: 10-Year Plan to End Homelessness in Washington County*, which is available on the Department web site. General Fund contributions of \$315,850 in FY2013-14 and \$355,222 in FY2014-15 were budgeted for support of homeless programs.
- **Homeless to Work Program.** The County contracts with Bridges to Change, a nonprofit agency providing housing and jobs mentoring, to operate the *Homeless to Work Program (HTW)*. Implemented in May 2009, HTW served 63 unaccompanied adults with transitional housing, supportive services, and job counseling during FY2014-15.
- **Continuum of Care.** This program combines housing rent assistance administered by the Department with supportive services provided by non-profit organizations to reduce homelessness. Approximately 242 families are currently served. Competitive grant applications are submitted annually. The County received \$2.3 million for this program during FY2014-15, providing assistance to fourteen programs, with all programs administered by the Department.
- **Other Homeless Program Initiatives.** The Department is participating in year 3 of a Health and Human Services (HHS) Substance Abuse & Mental Health Services Administration (SAMHSA) project for \$1.5 million. This project is led by Luke-Dorf, Inc. as part of a consortium of community health and services providers to serve chronically homeless adults with mental illness. The Department also has addressed the County’s Consolidated Plan’s “highest needs” and the strategies of the 10-Year Plan to End Homelessness by offering 122 Section 8 project-based vouchers.

Overall Financial Health of the Housing Authority

The major HUD-funded programs of the Authority (Section 8, Public Housing) have historically been self-sufficient, and the Authority has operated these programs within the amounts funded. For calendar year 2012 and 2013, however, reduced funding for Section 8 administration made it necessary to draw on Section 8 and other Authority reserves. Calendar year 2014 and 2015 funding was increased, so the administration of Section 8 is currently self-sufficient.

The other major program is Affordable Housing. The Affordable Housing properties were acquired between 1993 and 2002, and the original cash flows for these properties contained optimistic revenue and expense projections and did not anticipate some of the major deferred maintenance expenditures that would be required for the properties. As a result, the non-HUD programs had cumulative losses in unrestricted net assets of \$2.6 million by June, 2007, and were losing about \$1 million per year. The Authority had been looking for

ways to bring the non-HUD programs back to solvency, and in 2007 embarked on a two-pronged approach. First, the Authority obtained approval to sell 40 units of Public Housing, which were in remote locations in the County. In return, the Authority was able to acquire 40 additional Housing Choice Vouchers to replace the lost units, and to use the proceeds to support some of the operating and capital costs of the non-HUD properties. This provided funds to bring the unrestricted net position back into positive territory, over time, but the funds remain restricted until used, and it is estimated that all the funds will be applied to the non-HUD properties by FY2015-16.

Second, the Authority worked with Washington County to refinance its debt. This process took more than two years, due to the changing financial situation nationally. In November, 2009, the County issued Full Faith and Credit Refunding Obligations to defease and refund the existing bonds, in return for a promissory note from the Authority, which requires the Authority, in substance, to make the payments on the new bonds. The Authority took additional steps to improve the cash flow of the properties, and it is expected that the non-HUD properties will have positive cash flow henceforward.

Continuing Initiatives

The Authority, along with the Department, continues to look toward funding opportunities that promote affordable housing, essential services and self-sufficiency in Washington County for low-income families. The Authority continues to participate in a Department of Labor Workforce Innovation Fund project awarded in 2012, called Housing Works for \$5.5 million over five years. The Department also participates in a Department of Health and Human Services grant awarded to WorkSystems in September 2015 to fund Health Careers Northwest program for \$12 million over five years.

The DOL Housing Works project involves three regional WorkSource agencies and the four regional housing authorities, and supports 75 participants from Washington County gaining job training in employer-supported job training and internships in the career fields of healthcare, manufacturing and office administration. The Health Careers Northwest program will provide health care industry training and employment connections to 1,350 low-income job seekers in the Portland Metro area to enter and advance through seven health career ladders including nursing, mental health, allied health and medical laboratory. Finally, the Authority is collaborating with the three other regional housing authorities with funding from a Metro RTO grant to promote better affordable housing choices closer to jobs and high opportunity centers by low-income families through mobility counseling.

The Authority addressed the County's Consolidated Plan's "highest needs" and the strategies of the Ten-year Plan to End Homelessness by allocating 50 Section 8 project-based vouchers to promote creation of permanent housing for households who are chronically homeless, 47 vouchers for low-income (30% MFI or below), and 25 vouchers for people with special needs. Currently, 96 total units are under contract, housing 50 chronically homeless individuals, 20 households with special needs, and 26 extremely low-income families. The Department is strategically using these Section 8 project-based vouchers to promote new affordable housing development in Washington County. An additional 84 project-based vouchers have been awarded to developments that are currently under development. Other project-based voucher opportunities, to include conversion of HUD Veterans Affairs Supportive Housing (VASH) voucher to project-based, for existing, new development and/or substantial rehab to provide affordable housing for seniors, extremely low-income households and chronically homeless veterans are under discussion.

In partnership with community stakeholders, the Department has taken the lead to coordinate and develop a centralized assessment system (e.g. single front door) to the homeless households for housing and services provided in Washington County. *Community Connect* was implemented in January 2014 to provide people at risk or experiencing homelessness with greater access to community resources, and direct referral to available housing program opportunities that best support the needs of the households. The *Community Connect* system is staffed by Community Action Organization, with more than 900 beds and services aligned that creates an integrated system of care. The system supports Goal 3 in the local Ten-Year Plan to develop a unified assessment system, the Federal requirement of the Homeless Emergency Assistance and Rapid Transition to

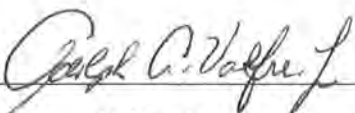
Housing (HEARTH) Act, and in the first year of implementation has demonstrated efficiencies and effectiveness in serving 1,911 homeless households.

Similarly, the Department has been participating on the Homeless Cost Study Advisory Committee under the leadership of the Vision Action Network to assess the cost demand of chronic homelessness on public emergency services and health organizations. On January 13, 2015 the Board of County Commissioners received the findings of the research that highlights the need for affordable housing as a platform to reduce the higher cost of sheltering and use of institutional cares, e.g. jail, hospitals.

The Department is working closely with the Department of Land Use and Transportation on affordable housing initiatives and community development measures in the Aloha-Reedville HUD/DOT Livable Communities Grant. To better promote affordable housing development, the Department has also been coordinating with Washington County cities and other taxing jurisdictions to implement a county-wide non-profit low-income tax exemption policy. To date, three governing jurisdictions, three school districts and three special taxing districts have adopted the measure to grant the tax exemption.

On the State level, the Department was an active participant supporting the Oregon Housing Alliance's agenda in the 2013 legislative session to gain Governor's approval for a dedicated funding resource for veterans' housing and services, a Section 8 Voucher fair housing initiative and extension of the Agricultural Workforce Housing Tax Credit. The Department has also been a participant on the Transition Advisory Committee working to transform the Oregon Department of Housing and Community Services. The Department also participates on the State Housing Council and serves on the Policy Subcommittee set up by the Housing Council to create the financial and policy structure supporting House Bill 2198's \$40 million in Affordable Housing funds. Finally, the Department was also successful in receiving an award of 13 additional HUD-VA VASH vouchers in 2015 offering rental assistance valued at \$85,920.

Respectfully Submitted,



Adolph A. Valfire, Jr.
Executive Director



YaLing Huang-Dressel
Finance Manager



**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

ACHIEVE MORE

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
Hillsboro, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Housing Authority of Washington County, Hillsboro, Oregon, (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority'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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Other Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is required by the U.S. Department of Housing and Urban Development who considers it to be an essential part of financial reporting. The Other Supplementary Information 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Letter of Transmittal 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 21, 2015, on our consideration of the Authority'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.

TALBOT, KORVOLA & WARWICK, LLP

By: 
Julie B. Fahey, Partner

Lake Oswego, Oregon
December 21, 2015

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Housing Authority of Washington County Management's Discussion and Analysis

As management of the Housing Authority of Washington County (the Authority) a component unit of Washington County, Oregon, we offer readers of the Authority's financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider information presented here in conjunction with the financial statements, which begin on page 15. All amounts in this Management's Discussion and Analysis, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights (Dollars in thousands)

- The assets and deferred outflow of resources of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$3,683. Net investment in capital decreased by \$1,149, partially due to the depreciation and amortization amounts were greater than the debt payment amount and partially due to the unspent Aloha Park debt proceeds from the new debt is reported as an increase of restricted net position. The restricted net position totals \$3,978, so the Authority is in a \$277 deficit position with respect to its unrestricted net position.
- The Authority's total net position decreased by \$482. The chief cause for the decline in net position was the continuation of inadequate funding from the federal government for the Public Housing programs.
- The Authority's debt increased by \$1,529, which was the combination of \$2,107 Aloha Park Apartments property refinance and \$578 debt principal payments made during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise two components: 1) financial statements and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. For purposes of financial statement presentation, the Authority is classified as an enterprise fund type, and financial statements present only business-type activities.

The *Statement of Net Position* provides information about the Authority's assets, deferred outflow of resources, and liabilities, with the difference reported as the net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation).

The *Statement of Cash Flows* presents information showing how the Authority's cash and cash equivalents changed during the most recent fiscal year.

The *Notes to Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements can be found on pages 15 through 25 of this report.

Authority Financial Analysis

Assets, Deferred Outflow of Resources, Liabilities and Net Position

The following provides a summary of the Authority's net position for 2015 compared to 2014.

	Dollars in thousands		
	2015	2014	Change
Assets:			
Assets, excluding capital assets	\$ 7,151	5,484	1,667
Capital assets	27,178	28,460	(1,282)
Total assets	<u>34,329</u>	<u>33,944</u>	<u>385</u>
Deferred outflow of resources	<u>2,533</u>	<u>2,714</u>	<u>(181)</u>
Liabilities:			
Other current and restricted liabilities	2,153	2,978	(825)
Long-term debt	31,026	29,515	1,511
Total liabilities	<u>33,179</u>	<u>32,493</u>	<u>686</u>
Net position:			
Net investment in capital assets	(18)	1,131	(1,149)
Restricted	3,978	3,070	908
Unrestricted (deficit)	(277)	(36)	(241)
Total net position	<u>\$ 3,683</u>	<u>4,165</u>	<u>(482)</u>

As noted earlier, the net position may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, assets and deferred outflow of resources exceeded liabilities by \$3,683 at the close of the most recent fiscal year.

Assets increased by \$385 during FY2014-15. Assets excluding capital assets increased \$1,667, contributing to this increase were additional funding in intergovernmental revenues and increased cash from refinanced Aloha Park Apartments property. Capital assets decreased by \$1,282, due to depreciation expense in excess of acquisitions.

Deferred outflow of resources decreased \$181, due to amortization of bond refunding costs.

Liabilities increased by \$686. Current and restricted liabilities decreased by \$825, primarily due to elimination of the book overdraft of cash from refinanced Aloha Park Apartments property. Long-term debts increased by \$1,511 to reflect the Aloha Park refinance of \$2.107 million and debt payments made during the fiscal year.

Net investment in capital has a deficit balance of \$18, which reflects investment in capital assets, primarily housing, less any related debt used to acquire those assets that is still outstanding. The deficit balance is partially due to depreciation on the related properties being greater than the debt payment amount and partially due to the unspent Aloha Park debt proceeds from the new debt being reported as an increase of restricted net position. The restricted net position totals \$3,978, consists of

\$202 cash restricted by HUD for future Housing Assistant Payment (HAP), \$1,556 cash restricted by a County loan agreement for debt service, \$165 cash from Public Housing property sales restricted by HUD for certain future expenditures, \$966 reserves for replacement of assets required by loan agreements and \$1,089 repair/holdback reserves required by Aloha Park loan agreement. The deficit in the unrestricted net position of the Authority will decline as the remaining \$165 proceeds from Public Housing property sales are applied to eligible operating and capital expenditures and \$1,089 Aloha Park repair/holdback reserves are to be released when all required repair items are completed prior to September 26, 2015.

The total net position of the Authority decreased \$482. The net investment in capital assets decreased by \$1,149. The restricted net position increased \$908, and the unrestricted net position decreased by \$241.

Change in Net Position

The following provides a summary of the Authority's change in net position for 2015 compared to 2014:

	Dollars in thousands		
	2015	2014	Change
Revenues:			
Intergovernmental revenues	\$ 23,887	20,918	2,969
Rental income	5,600	5,523	77
Other revenue	1,263	862	401
Total revenues	30,750	27,303	3,447
Expenses:			
Housing assistance payments	20,713	19,134	1,579
Other operating expenses	8,920	8,605	315
Non-operating expenses, net	1,633	1,468	165
Total expenses	31,266	29,207	2,059
Net loss before capital contributions	(516)	(1,904)	1,388
Capital contributions	34	111	(77)
Decrease in net position	(482)	(1,793)	1,311
Net position, beginning of year	4,165	5,958	(1,793)
Net position, end of year	\$ 3,683	4,165	(482)

Total revenues increased by \$3,447, or 12.6% from the previous year. Intergovernmental revenues increased \$2,969 (14.2%) due to increased Housing Assistance Payment receipts, ongoing administrative fees, and operating subsidies, and a grant from the Department of Labor. Rental income increased \$77 (1.4%) due to rent increases.

Total expenses increased by \$2,059, or 7.0%. Housing Assistance Payments increased by \$1,579 (8.3%) primarily due to higher payments per unit and slightly due to increased leaseups. Other operating expenses increased \$315 (3.7%). Non-operating expenses increased by \$165 which including \$135 of Aloha Park Apartments refinance closing cost.

No assets were sold during the year. Capital contributions decreased \$77, due to decreased capital fund activity for modernization of public housing stock.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2015, the Authority's capital assets were \$27,178 (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, and office equipment.

The Authority invested \$511 in capital improvements, of which \$34 was from capital contributions funded by the Public Housing Capital Fund program.

Additional detail may be found on page 22 in the Notes to Basic Financial Statements.

Debt and Obligations

At the end of the current fiscal year, the Authority had total obligations outstanding of \$31,572. Of this amount, \$27,145 consisted of a note payable to Washington County secured by the properties formerly financed by bonds refunded by Washington County Full Faith and Credit Refunding Obligations during FY2009-10, \$2,086 of the Aloha Park Apartments refinance closed in August 2014, \$2,109 of notes to other lenders, and \$232 in unsecured obligations to Washington County. Additional detail may be found on pages 23-24 in the Notes to Basic Financial Statements.

Budget Information

The Authority is not subject to Oregon Local Budget Law. As a result, an analysis of variances for budgeted amounts is not considered to be meaningful to the reader and is therefore not included in Management's Discussion and Analysis.

Contacting the Authority's Financial Management

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Executive Director, Housing Authority of Washington County, 111 NE Lincoln St., Suite 200-L, Hillsboro, OR 97124-3082, (503) 846-4794.

BASIC FINANCIAL STATEMENTS

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**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Statement of Net Position

June 30, 2015

Assets

Current assets:

Unrestricted cash and cash equivalents	\$	1,792,246
Restricted cash and cash equivalents		503,863
Accounts receivable		370,678
Current portion of contracts receivable		3,611
Other current assets		33,014
Total current assets		2,703,412

Noncurrent assets:

Restricted cash and cash equivalents		4,113,044
Contracts receivable		333,799
Capital assets, non-depreciable		8,203,608
Capital assets, depreciable, net		18,974,807
Total noncurrent assets		31,625,258

Total assets		34,328,670
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Deferred Outflow of Resources

Deferred refunding costs		2,532,892
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Liabilities

Current liabilities:

Accounts payable		272,535
Unearned revenue		40,992
Accrued interest payable		653,021
Current portion of notes and contracts payable		546,337

Current liabilities payable from restricted assets:

Tenant and other deposits		503,863
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Total current liabilities		2,016,748
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Noncurrent liabilities:

Notes and contracts payable		31,025,980
Deposits payable from restricted assets		135,383

Total non-current liabilities		31,161,363
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Total liabilities		33,178,111
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Net Position

Net investment in capital assets		(17,722)
Restricted		3,977,661
Unrestricted (deficit)		(276,488)

Total net position	\$	3,683,451
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See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Statement of Revenues, Expenses and Changes in Net Position

For the year ended June 30, 2015

Operating revenues:	
Intergovernmental revenues	\$ 23,887,109
Rental income	5,600,179
Other	1,262,719
Total operating revenues	<u>30,750,007</u>
Operating expenses:	
Housing assistance payments	20,713,009
Repairs and maintenance	2,397,930
Administrative costs	3,788,078
Utilities	614,583
Depreciation	1,747,407
Other	371,902
Total operating expenses	<u>29,632,909</u>
Operating income	<u>1,117,098</u>
Non-operating revenues (expenses):	
Interest on investments	20,645
Interest and amortization	(1,653,874)
Total non-operating revenues (expenses)	<u>(1,633,229)</u>
Loss before capital contributions	(516,131)
Capital contributions	<u>34,274</u>
Decrease in net position	<u>(481,857)</u>
Net position, beginning of year	<u>4,165,308</u>
Net position, end of year	<u>\$ 3,683,451</u>

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Statement of Cash Flows

For the year ended June 30, 2015

Cash flows from operating activities:	
Cash received for services provided	\$ 30,963,013
Cash payments for labor and benefits	(3,545,004)
Cash payments for goods and services	<u>(24,179,127)</u>
Net cash provided by operating activities	<u>3,238,882</u>
Cash flows from capital and related financing activities:	
Capital grants	34,274
Acquisition of capital assets	(465,732)
Decrease in contracts receivable	67,563
Current maturities and principal payments of notes payable	(577,298)
Proceeds of borrowings - Aloha Park Apartments	2,107,100
Interest paid on notes payable	<u>(1,489,478)</u>
Net cash used for capital and related financing activities	<u>(323,571)</u>
Cash flows from investing activities:	
Interest on investments	<u>20,645</u>
Net increase in cash and cash equivalents	2,935,956
Cash and cash equivalents at beginning of year	<u>3,473,197</u>
Cash and cash equivalents at end of year (1)	<u><u>\$ 6,409,153</u></u>
Reconciliation of operating income to net cash provided from operating activities:	
Operating income	\$ 1,117,098
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,747,407
Changes in assets and liabilities:	
Decrease in accounts receivable, net	182,378
Decrease in other current assets	812
Increase in accounts payable	101,465
Increase in deposits	59,094
Increase in unearned revenue	<u>30,628</u>
Net cash provided by operating activities	<u><u>\$ 3,238,882</u></u>
(1) Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Current assets - unrestricted	\$ 1,792,246
Current assets - restricted	503,863
Noncurrent assets - restricted	<u>4,113,044</u>
	<u><u>\$ 6,409,153</u></u>

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2015

(1) The Authority and Summary of Significant Accounting Policies

The Authority

The Housing Authority of Washington County (Authority) is a municipal corporation established under Oregon Revised Statutes, Chapter 456, to provide low-cost housing to individuals meeting criteria established by the U.S. Department of Housing and Urban Development (HUD). As provided by statute, the Housing Authority of Washington County Board of Directors is the governing body of the Authority, appointed by the Washington County, Oregon Board of County Commissioners. HUD provides the Authority with grants for the modernization of low-income housing. In addition, HUD provides rental subsidies and administrative fees for the operation of the program.

The Authority, under the criteria of the Governmental Accounting Standards Board (GASB), is considered a blended component unit of Washington County, Oregon. The Authority is presented as an Enterprise Fund in Washington County's Comprehensive Annual Financial Report.

The governmental reporting entity consists of the Authority, the primary government, and its component units. Component units are legally separate organizations for which the Board of Directors is financially accountable or other organizations whose nature and significant relationship with the Authority are such the exclusion would cause the Authority's financial statements to be misleading or incomplete. The basic financial statements include blended component units. The blended component unit is considered part of the Authority's operations, and so financial information from this unit is combined with information of the Authority.

Blended Component Unit

Aloha Park Apartments, LLC, an Oregon single asset entity with the Authority serving as the sole member of the Aloha Park Apartments, LLC and its Executive Director serving as the sole manager, was formed to meet refinance requirement of Aloha Park Apartments, a 80-unit multi-family apartment complex for which the Authority assumed ownership of on October 15, 2010 with a mortgage balance of \$250,637. All 80-units are affordable, consisting of 8 subsidized HUD Section 8 Project-based and 72 non-subsidized affordable units. The property's cash flow is positive and more than sufficient to fully cover debt service and operation expenses. However, the original mortgage regulatory agreement restricted the positive cash to be used for the property. On November 5, 2013, the Board of Directors authorized the Executive Director to proceed with refinancing the Aloha Park Apartments through a HUD FFA 223 (f) multi-family loan and transfer ownership of the property from the Authority to the Aloha Park Apartments, LLC. A portion of the proceeds will be available to the Authority for use towards its entire affordable housing portfolio and its program operations. Additional 72 tenant-based Housing Choice Vouchers were also awarded to the Authority in September 2014 as the result of the refinancing. The financial statements for this blended component unit are included in the Supplementary Information.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2015

Measurement Focus and Basis of Accounting

The Authority's financial statements are prepared on the flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g. revenues) and decreases (e.g. expenses) affecting the net position of the Authority. Revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

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 and disclosure of contingent 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 those estimates.

Restricted vs. Unrestricted Net Position

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating. Operating revenues are generated through the Authority providing assisted housing in HUD-mandated programs and from tenants of Authority-owned properties. Operating expenses include the costs associated with the payment of rental assistance and managing Authority-owned properties. Revenues and expenses generated from interest or other activities are treated as non-operating.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include pooled funds held and invested by Washington County, Oregon. This treatment is in conformity with GASB Statement No. 9, which states that deposits in cash management pools that have the general characteristics of demand deposit accounts are appropriately classified as cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of receivables for federal grants and tenant rent. All doubtful accounts were written off at year end. At June 30, 2015, no allowance for doubtful accounts is considered necessary.

Other Current Assets

Other current assets consist of supplies inventory and prepaid expenses.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2015

Restricted Assets, Liabilities, and Net Position

Assets, the use of which is restricted to specific purposes by statute or bond indenture and related liabilities, are segregated on the Statement of Net Position.

Capital Assets

Capital asset items purchased are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at estimated fair market value at the time received.

Major additions, improvements and replacements with an acquisition cost of more than \$5,000 and a useful life of more than one year are capitalized. Normal maintenance and repairs are charged to operations as incurred. Gains or losses realized from sales of capital assets are reflected in the Statement of Revenues, Expenses and Changes in Net Position.

Depreciation is computed on capital assets placed in service using the straight-line method over their estimated useful lives as follows:

Buildings	30 years
Building and site improvements	15 years
Office equipment	7 years
Vehicles	5 years
Computer hardware	5 years
Computer software	3 years

Contracts Receivable

The Authority holds three second mortgages and two third mortgages for low-income home purchasers in the amount of \$73,260. The Authority is owed \$263,960 in developer's fees in connection with private activity bonds issued for the construction of housing projects, and is owed \$140 in current tenant repayment agreements.

The Authority also holds two second mortgages for low-income home purchasers in the original amount of \$101,250 each, which are not reflected in the Statement of Net Position, as the mortgages are incrementally forgiven 50% over thirty years, and are forgiven in full upon death of the purchaser, providing the purchaser uses the property as a primary dwelling during this time. The likelihood of early payment is indeterminable.

Unearned Revenue

Unearned revenue represents primarily prepaid rent received from tenants.

Deferred Refunding Costs

Deferred refunding costs on refunded debt are amortized using the straight-line method over the shortest remaining original life of the debt instruments refunded.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2015

***Vested Compensated Absences, Sick Pay, Other Post-Employment Obligation, and Net Pension
(Asset/Liability)***

The Authority's personnel are exclusively contracted Washington County employees. Accordingly, the liability of vested compensated absences, sick pay, other post-employment obligation, and net pension (asset/liability) are recorded by the County.

(2) Cash and Cash Equivalents

Deposits with Financial Institutions

The Authority's deposits with financial institutions are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The bank balance as of June 30, 2015 maintained by the Authority was \$36,761, all of which was covered by FDIC.

Credit Risk

Cash and cash equivalents include pooled cash and investments held by Washington County, Oregon on behalf of the Authority. Reference should be made to the Washington County, Oregon Comprehensive Annual Financial Report for June 30, 2015 for information with respect to credit risk.

Custodial Credit Risk

Washington County, Oregon maintains a common cash and investment pool for all County funds including those of the Authority. The types of investments in which the County may invest are restricted by State of Oregon Statutes and a Board adopted investment policy. Authorized investments include general obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bankers' acceptances, certain high-grade commercial paper, repurchase agreements, and the State of Oregon Local Government Investment Pool, among others.

At June 30, 2015, the Authority's cash and cash equivalents are comprised of the following:

Bank accounts	\$ 36,106
Reserves held by lenders	1,365,988
Accounts administered by subcontracted management companies	460,086
Deposits with Washington County Investment Pool	<u>4,546,973</u>
Total cash and cash equivalents	<u>\$ 6,409,153</u>

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY**
(A Component Unit of Washington County, Oregon)

Notes to Basic Financial Statements

June 30, 2015

Cash and cash equivalents are reflected on the Statement of Net Position as follows:

Unrestricted:	
Cash and cash equivalents	\$ 1,792,246
Restricted for:	
Proceeds and interest from Public Housing property sales	165,163
Affordable housing county bond reserve	1,556,163
Replacement reserves	965,679
Holdback/repair reserves	1,060,194
Retainage in escrow	28,539
Restricted for payment of current liabilities	503,863
Restricted for payment of noncurrent liabilities	337,306
Total restricted	4,616,907
Total cash and cash equivalents	\$ 6,409,153

(3) Capital Assets

Capital asset activity is as follows:

	Balance June 30, 2014	Additions	Disposals	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 8,169,334	—	—	—	8,169,334
Construction in progress	45,007	34,274	(45,007)	—	34,274
Total capital assets not being depreciated	8,214,341	34,274	(45,007)	—	8,203,608
Capital assets being depreciated:					
Buildings and improvements	47,129,479	476,465	—	—	47,605,944
Office equipment and other	107,640	—	—	—	107,640
Vehicles	281,112	—	—	—	281,112
Total capital assets being depreciated	47,518,231	476,465	—	—	47,994,696
Less accumulated depreciation for:					
Buildings and improvements	(26,910,976)	(1,740,596)	—	—	(28,651,572)
Office equipment and other	(107,640)	—	—	—	(107,640)
Vehicles	(253,866)	(6,811)	—	—	(260,677)
Total accumulated depreciation	(27,272,482)	(1,747,407)	—	—	(29,019,889)
Total capital assets being depreciated, net	20,245,749	(1,270,942)	—	—	18,974,807
Total capital assets, net	\$ 28,460,090	(1,236,668)	(45,007)	—	27,178,415

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2015

(4) Long-term Debt

Washington County Loan Agreement

On November 5, 2009, Washington County issued \$28,985,000 in Full Faith and Credit Refunding Obligations, Series 2009, to defease and refund the Authority's outstanding Revenue Bonds Series 1999A, 2001A and B, and 2002A, in return for a promissory note issued on behalf of the County requiring payments by the Authority to the County sufficient to pay the semi-annual bond payments required by the Full Faith and Credit Refunding Obligations. The Authority also issued second trust deeds to the County to secure the debt.

Aloha Park Apartments Refinancing

The Authority refinanced the Aloha Park Apartments through a HUD FFA 223 (f) multi-family loan in August 2014. The original loan balance remaining of \$8,340 was paid off by the new loan proceeds of \$2,107,000.

Notes and Contracts Payable

Changes in long-term notes and contracts payable are as follows:

Notes	Amount Issued	Interest Rates	Outstanding June 30, 2014	Increase	Decrease	Outstanding June 30, 2015
Farmer's Home Administration	\$ 361,000	9 to 9.5%	\$ 326,895	—	(3,911)	322,984
State of Oregon Office of Community Development	181,238	0 to 8.97%	38,686	—	(10,041)	28,645
HOME contracts	652,310	0%	652,310	—	—	652,310
Washington County IGA	1,104,300	3.0%	1,104,300	—	—	1,104,300
Washington County Loan Agreement	1,300,000	4.6%	330,047	—	(97,819)	232,228
Berkadia Bank Mortgage	28,985,000	2.25% to 5.0%	27,540,000	—	(395,000)	27,145,000
Community Housing Fund	250,637	7%, 4.18%	20,277	2,107,100	(40,527)	2,086,850
	30,000	2%	30,000	—	(30,000)	—
			<u>\$ 30,042,515</u>	<u>2,107,100</u>	<u>(577,298)</u>	<u>31,572,317</u>

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2015

Future maturities of notes and contracts payable principal and interest are as follows:

<u>Fiscal year ending June 30,</u>	<u>Notes and Contracts Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 546,337	\$ 1,342,207
2017	748,692	1,320,895
2018	512,004	1,305,234
2019	487,446	1,288,089
2020	554,364	1,269,280
2021-2025	3,459,858	5,919,168
2026-2030	4,263,803	5,120,222
2031-2035	5,278,173	4,097,577
2036-2040	6,550,635	2,743,048
2041-2045	8,072,765	1,081,575
2046-2050	445,930	40,003
Due on sale of property	652,310	—
	<u>\$ 31,572,317</u>	<u>\$ 25,527,298</u>

Current and future maturities at year-end are summarized as follows:

Current maturities	\$ 546,337
Non-current maturities	<u>31,025,980</u>
	<u>\$ 31,572,317</u>

(5) Transactions with Related Parties

The Authority paid Washington County \$703,396 for administrative, vehicle maintenance, legal and allocated overhead expenses, and \$2,847,984 for salaries and benefits for contracted employees. The Authority received \$99,474 from Washington County to mitigate the contracted employees cost impact of the filled Assistant Director position.

(6) Insured Risks

Potential liabilities for workers' compensation, liability/casualty and unemployment compensation claims are covered under the self-insurance plans maintained by Washington County, Oregon. Accordingly, insurance reserves are recorded by the County. Reference should be made to the Washington County, Oregon Comprehensive Annual Financial Report for the year ended June 30, 2015 for treatment of insurance risks. Potential liabilities for property and general liability are covered under the Housing Authorities Risk Retention Pool (HARRP). Claims incurred by the Authority are submitted and paid by the Risk Retention Pool. During the past three fiscal years there were no settlements which exceeded insurance coverage.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**

Notes to Basic Financial Statements

June 30, 2015

(7) Conduit Debt Obligations

The Authority has issued multi-family Housing Revenue Bonds to provide financial assistance to private sector entities for the construction, acquisition and rehabilitation of affordable housing. The bonds are fully secured by letters of credit and are payable solely from payments received from the developer on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, or the State and, accordingly, have not been reported in the accompanying basic financial statements.

As of June 30, 2015, there was two series of multi-family Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$37,115,000.

(8) Litigation

The Authority has various claims and pending legal proceedings outstanding. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the Authority. In the opinion of management, the ultimate disposition of such proceedings are not expected to have a material adverse financial effect on the Authority.

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OTHER SUPPLEMENTARY INFORMATION

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY**
(A Component Unit of Washington County, Oregon)
Financial Data Schedule
June 30, 2015

Assets	Housing Choice Vouchers	Low Rent Public Housing	Business Activities	Total	Allocated Overhead	HAWC Total
Current assets						
Cash						
Unrestricted	\$ 47,599	879,406	839,724	1,766,729	25,517	1,792,246
Other restricted	337,306	165,163	3,610,575	4,113,044	—	4,113,044
Tenant security deposits	—	74,514	345,776	420,290	—	420,290
Restricted for payment of current liabilities	83,573	—	—	83,573	—	83,573
Total cash	468,478	1,119,083	4,796,075	6,383,636	25,517	6,409,153
Receivables						
Accounts receivable - PHA projects	12,840	—	—	12,840	—	12,840
Accounts receivable - HUD other projects	65,697	64,081	—	129,778	—	129,778
Accounts receivable - other governments	—	—	72,908	72,908	—	72,908
Accounts receivable - miscellaneous	1,627	—	58,117	59,744	—	59,744
Accounts receivable-tenants	—	7,197	73,396	80,593	703	81,296
Notes & mortgages receivable - current	—	140	3,471	3,611	—	3,611
Fraud recovery	—	14,112	—	14,112	—	14,112
Total receivables net of allowances for doubtful accounts	80,164	85,530	207,892	373,586	703	374,289
Prepaid expenses and other assets	40	1,167	26,787	27,994	20	28,014
Inventories	—	10,000	—	10,000	—	10,000
Inventories - reserve for obsolescence	—	(5,000)	—	(5,000)	—	(5,000)
Total current assets	548,682	1,210,780	5,030,754	6,790,216	26,240	6,816,456
Non-current assets						
Capital assets						
Land	—	3,625,840	4,543,494	8,169,334	—	8,169,334
Buildings	—	16,277,336	31,328,608	47,605,944	—	47,605,944
Furniture, equipment and machinery - administration	24,226	332,035	—	356,261	32,491	388,752
Accumulated depreciation	(24,226)	(13,422,263)	(15,540,909)	(28,987,398)	(32,491)	(29,019,889)
Construction in progress	—	34,274	—	34,274	—	34,274
Total capital assets, net	—	6,847,222	20,331,193	27,178,415	—	27,178,415
Notes, loans and mortgages receivable non-current	—	—	333,799	333,799	—	333,799
Total non-current assets	—	6,847,222	20,664,992	27,512,214	—	27,512,214
Total assets	\$ 548,682	8,058,002	25,695,746	34,302,430	26,240	34,328,670
Deferred outflow of resources	—	—	2,532,892	2,532,892	—	2,532,892
Total assets and deferred outflows	\$ 548,682	8,058,002	28,228,638	36,835,322	26,240	36,861,562
Liabilities and net position						
Liabilities						
Current liabilities						
Accounts payable	\$ 1,707	28,924	142,639	173,270	26,240	199,510
Accrued interest payable	—	—	653,021	653,021	—	653,021
Accounts payable - HUD PHA programs	8,159	—	—	8,159	—	8,159
Accounts payable - PHA projects (portability)	7,028	—	—	7,028	—	7,028
Accounts payable - other government	—	57,838	—	57,838	—	57,838
Tenant security deposits	—	74,514	345,776	420,290	—	420,290
Unearned revenue	—	5,434	35,558	40,992	—	40,992
Current portion of long-term debt, capital projects	—	—	546,337	546,337	—	546,337
Other current liabilities	83,573	—	—	83,573	—	83,573
Total current liabilities	100,467	166,710	1,723,331	1,990,508	26,240	2,016,748
Non-current liabilities						
Long-term debt, capital projects	—	—	31,025,980	31,025,980	—	31,025,980
Other non-current liabilities	135,383	—	—	135,383	—	135,383
Total non-current liabilities	135,383	—	31,025,980	31,161,363	—	31,161,363
Total liabilities	235,850	166,710	32,749,311	33,151,871	26,240	33,178,111
Net position:						
Net investment in capital assets	—	6,847,222	(6,864,944)	(17,722)	—	(17,722)
Restricted net position	201,923	165,163	3,610,575	3,977,661	—	3,977,661
Unrestricted net position	110,909	878,907	(1,266,304)	(276,488)	—	(276,488)
Total net position	312,832	7,891,292	(4,520,673)	3,683,451	—	3,683,451
Total liabilities and net position	\$ 548,682	8,058,002	28,228,638	36,835,322	26,240	36,861,562

The Real Estate Assessment Center (REAC), established by the U.S. Department of Housing and Urban Development, requires the submission of certain financial data under the Uniform Financial Reporting Standards for Public Housing Authorities. This Financial Data Schedule is prepared pursuant to these requirements, consistent with accounting principles generally accepted in the United States of America, and is presented in the form specified by REAC.

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY**
(A Component Unit of Washington County, Oregon)

Financial Data Schedule

For the year ended June 30, 2015

Revenues and expenses	Housing Choice Vouchers	Operating Fund	Capital Fund	Business Activities	Elimination	FDS Total	Allocated Overhead	HAWC Total
Revenues								
Net tenant rental revenue	\$ —	657,021	—	4,943,158	—	5,600,179	—	5,600,179
Tenant revenue - other	—	44,171	—	182,449	—	226,620	—	226,620
HUD PHA operating grants	22,325,858	899,163	436,404	—	—	23,661,425	—	23,661,425
Capital grants	—	—	34,274	—	—	34,274	—	34,274
Other government grants	—	—	—	225,684	—	225,684	—	225,684
Investment income - unrestricted	318	4,641	1,397	8,545	—	14,901	322	15,223
Mortgage interest income	—	—	—	705	—	705	—	705
Fraud recovery - unrestricted	30,555	251	—	—	—	30,806	—	30,806
Fraud recovery - restricted	30,555	—	—	—	—	30,555	—	30,555
Other revenue	403,581	15,574	—	555,583	—	974,738	—	974,738
Investment income - restricted	—	4,717	—	—	—	4,717	—	4,717
Total revenues	22,790,867	1,625,538	472,075	5,916,124	—	30,804,604	322	30,804,926
Operating expenses								
Administrative salaries	693,918	160,937	—	493,747	—	1,348,602	472,072	1,820,674
Auditing fees	17,572	14,916	—	4,112	—	36,600	—	36,600
Management fee	—	—	—	166,383	—	166,383	—	166,383
Advertising and marketing	1,061	1,061	—	1,385	—	3,507	—	3,507
Employee benefit contributions	380,267	89,700	—	102,507	—	572,474	194,599	767,073
Office expenses	10,742	4,680	—	57,639	—	73,061	3,370	76,431
Legal expenses	—	—	—	22,044	—	22,044	—	22,044
Travel expenses	2,075	27	—	3,890	—	5,992	285	6,277
Allocated overhead	355,040	340,196	—	183,032	—	878,268	(878,268)	—
Other operating	265,250	222,107	—	146,607	—	633,964	208,264	842,228
Tenant services-salaries	26,625	—	—	—	—	26,625	—	26,625
Tenant services - benefits	14,393	—	—	—	—	14,393	—	14,393
Tenant services - other	5,843	—	—	—	—	5,843	—	5,843
Water	—	29,216	—	139,025	—	168,241	—	168,241
Electricity	—	7,436	—	79,093	—	86,529	—	86,529
Gas	—	3,067	—	25,325	—	28,392	—	28,392
Sewer	—	34,682	—	292,171	—	326,853	—	326,853
Other utility expense	—	4,237	—	331	—	4,568	—	4,568
Maintenance salaries	—	436,357	—	233,601	—	669,958	—	669,958
Materials and other	—	159,887	—	198,193	—	358,080	—	358,080
Contract costs	—	107,041	2,500	1,014,070	—	1,123,611	—	1,123,611
Maintenance benefits	—	216,753	—	29,528	—	246,281	—	246,281
Property insurance	—	27,493	—	93,839	—	121,332	—	121,332
Liability insurance	4,619	4,109	—	10,436	—	19,164	—	19,164
Other insurance	1,289	6,444	—	17,632	—	25,365	—	25,365
Other general expenses	34,214	—	—	1,321	—	35,535	—	35,535
Payments in lieu of taxes	—	57,838	—	—	—	57,838	—	57,838
Bad debt - tenant rents	—	37,833	—	74,835	—	112,668	—	112,668
Interest on notes payable	—	—	—	1,653,874	—	1,653,874	—	1,653,874
Total operating expenses	1,812,908	1,966,017	2,500	5,044,620	—	8,826,045	322	8,826,367
Excess (deficiency) of operating revenue over operating expenses								
	20,977,959	(340,479)	469,575	871,504	—	21,978,559	—	21,978,559
Other expenses								
Housing assistance payments	20,339,904	—	—	—	—	20,339,904	—	20,339,904
HAP portability in	373,105	—	—	—	—	373,105	—	373,105
Depreciation expense	—	592,879	—	1,154,528	—	1,747,407	—	1,747,407
Total expenses	22,525,917	2,558,896	2,500	6,199,148	—	31,286,461	322	31,286,783
Other financing sources (uses)								
Tfirs between program and project-in	—	—	—	1,013,085	(1,013,085)	—	—	—
Tfirs between program and project-out	—	(1,013,085)	—	—	1,013,085	—	—	—
Total other financing sources (uses)	—	(1,013,085)	—	1,013,085	—	—	—	—
Excess (deficiency) of total revenue over (under) total expenses								
	\$ 264,950	(1,946,443)	469,575	730,061	—	(481,857)	—	(481,857)

Memo Account Information

Required annual debt principal payments	\$ —	—	—	577,298	—	577,298	—	577,298
Beginning equity (deficit)	\$ 47,882	9,368,160	—	(5,250,734)	—	4,165,308	—	4,165,308
Administrative fee equity	\$ 110,909	—	—	—	—	110,909	—	110,909
Housing assistance payments equity	\$ 201,923	—	—	—	—	201,923	—	201,923
Unit months available	33,200	2,916	—	7,524	—	43,640	—	43,640
Unit months leased	32,113	2,894	—	7,245	—	42,252	—	42,252
Land and land improvements	\$ —	10,694	2,736	—	—	13,430	—	13,430
Buildings and building improvements	\$ —	45,763	31,538	—	—	77,301	—	77,301

The Real Estate Assessment Center (REAC), established by the U.S. Department of Housing and Urban Development, requires the submission of certain financial data under the Uniform Financial Reporting Standards for Public Housing Authorities. This Financial Data Schedule is prepared pursuant to these requirements, consistent with accounting principles generally accepted in the United States of America, and is presented in the form specified by REAC.

**The Housing Authority of Washington County
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments
For Period from July 1, 2014 to August 26, 2014**

Owner Assumed Financial Responsibility for FASSUB Purpose		HAWC
PART I - SUPPLEMENTAL SCHEDULES WITH FINANCIAL DATA		
BALANCE SHEET DATA		
Assets		
1120	Cash-Operations	-
1130	Tenant Receivables	-
1130N	Net Tenant Accounts Receivable	-
1140	Accounts Receivable - Operations	-
1200	Prepaid Expenses	-
1100T	Total Current Assets	-
1191	Tenant Deposits Held in Trust	-
1310	Escrow Deposits	-
1320	Replacement Reserve	-
1340	Residual Receipts Reserve	-
1300T	Total Deposits	-
1410	Land	-
1420	Buildings	-
1440	Building Equipment	-
1450	Furniture	-
1400T	Total Fixed Assets	-
1495	Accumulated Depreciation	-
1400N	Total Fixed Assets	-
1000T	Total Assets	-
Liabilities		
2105	Bank Overdraft - Operations	-
2110	Accounts Payable-Operations	-
2130	Accrued Interest Payable - Section 236	-
2131	Accrued Interest Payable - First Mortgage	-
2170	Mortgage Payable (Short Term)	-
2190	Miscellaneous Current Liabilities	-
2210	Prepaid Revenue (Tenant Rent)	-
2122T	Total Current Liabilities	-
2191	Tenant Deposits Held in Trust	-
2320	Mortgage Payable	-
2300T	Total Long Term Liabilities	-
2000T	Total Liabilities	-
3131	Unrestricted Net Assets	-
3132	Temporarily Restricted Net Assets	-
3130	Total Net Assets	-
2033T	Total Liabilities and Net Assets	-

The Real Estate Assessment Center (REAC), established by the U.S. Department of Housing and Urban Development, requires the submission of certain financial data under the Uniform Financial Reporting Standards for multifamily housing properties insured and/or subsidized by HUD. This Annual Financial Statement, page 30 to page 33, is prepared pursuant to these requirements, consistent with accounting principles generally accepted in the United States of America, and is presented in the form specified by REAC. Aloha Park Apartments financial data are also reported under the Business Activities of the Financial Data Schedule on page 28 and page 29.

**The Housing Authority of Washington County
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments
For Period from July 1, 2014 to August 26, 2014**

Owner Assumed Financial Responsibility for FASSUB Purpose		HAWC
PROFIT & LOSS DATA		
5120	Rent Revenue - Gross Potential	78,930
5121	Tenant Assistance Payments	3,347
5194	Retained Excess Income	-
5100T	Total Rent Revenue	82,277
5220	Vacancies-Apartments	4,575
5200T	Total Vacancies	4,575
5152N	Net Rental Revenue	77,702
5430	Revenue from Investments - Residual Receipts	-
5440	Revenue from Investments - Replacement Reserve	-
5400T	Total Financial Revenue	-
5910	Laundry and Vending Revenue	1,131
5920	Tenant Charges	1,138
5945	Interest Reduction Payments	7,199
5900T	Total Other Revenue	9,468
5000T	Total Revenue	87,170
6210	Advertising and Marketing	-
6311	Office Expenses	1,572
6320	Management Fee	5,238
6330	Manager or Superintendent Salaries	11,292
6340	Legal Expense - Project	44
6350	Audit Expense	54
6370	Bad Debts	1,387
6390	Miscellaneous Administrative Expenses	688
6263T	Total Administrative Expenses	20,275
6450	Electricity	1,109
6451	Water	2,402
6453	Sewer	5,951
6400T	Total Utilities Expense	9,462
6510	Operating & Maintenance Payroll	4,110
6515	Operating & Maintenance Supplies	4,354
6520	Operating & Maintenance Contracts	20,131
6525	Operating & Maintenance Garbage and Trash Removal	3,161
6500T	Total Operating & Maintenance Expenses	31,756
6710	Real Estate Taxes	-
6711	Payroll Taxes (Project's Share)	1,666
6720	Property & Liability Insurance (Hazard)	3,140
6721	Fidelity Bond Insurance	-
6722	Workmen's Compensation	769
6700T	Total Taxes and Insurance	5,575
6820	Interest on First Mortgage Payable	125
6850	Mortgage Insurance	-
6890	Miscellaneous Financial Expenses	-
6800T	Total Financial Expenses	125
6000T	Total Cost of Operations before Depreciation	67,193
5060T	Profit (loss) before Depreciation	19,977
6600	Depreciation Expense	3,812
5060N	Operating Profit or (Loss)	16,165
7105	Entity Revenue	-
7190	Other Expenses	529,495
7100T	Net Entity Expense	529,495
3247	Change in Unrestricted Net Assets from Operations	(997)
3248	Change in Temporarily Restricted Assets from Operations	(512,333)
3250	Change in Total Net Assets from Operations	(513,330)
S1000-010	Total First Mortgage Principal Payments	20,277
S1000-020	Total Reserve for Replacement Deposits	-

**The Housing Authority of Washington County
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments
For Period from July 1, 2014 to August 26, 2014**

Owner Assumed Financial Responsibility for FASSUB Purpose		HAWC
EQUITY DATA		
S1100-060	Previous Year Unrestricted Net Assets	997
3247	Change in Unrestricted Net Assets from Operations	(997)
S1100-065	Other Changes in Unrestricted Net Assets	-
3131	Unrestricted Net Assets	-
S1100-070	Previous Year Temporarily Restricted Net Assets	512,333
3248	Change in Temporarily Restricted Net Assets	(512,333)
3132	Temporarily Restricted Net Assets	-
S1100-050	Previous Year Total Net Assets	513,330
3250	Change in Total Net Assets from Operations	(513,330)
S1100-055	Other Changes in Total Net Assets	-
3130	Total Net Assets	-
CASH FLOW DATA		
Cash Flow from Operating Activities		
S1200-010	Rental Receipts	80,423
S1200-020	Interest Receipts	-
S1200-030	Other Operating Receipts	9,468
S1200-040	Total Receipts	89,891
S1200-050	Administrative	(3,745)
S1200-070	Management Fee	(5,238)
S1200-090	Utilities	(9,462)
S1200-100	Salaries and Wages	(15,402)
S1200-110	Operating and Maintenance	(27,646)
S1200-140	Property Insurance	(3,140)
S1200-150	Miscellaneous Taxes and Insurance	(2,435)
S1200-160	Tenant Security Deposits	-
S1200-180	Interest on First Mortgage	(243)
S1200-210	Mortgage Insurance Premium (MIP)	-
S1200-230	Total Disbursements	(67,311)
S1200-240	Net Cash Provided by Operations	22,580
Cash Flow from Investing Activities		
S1200-245	Net Deposits to the Mortgage Escrow account	15,051
S1200-250	Net Deposits to the Reserve for Replacement account	125,722
S1200-260	Net Deposit to the Residual Receipts account	41,687
S1200-330	Net Purchase of Fixed Assets	388,024
S1200-340	Other Investing Activities	(504,291)
S1200-350	Net Cash used in Investing Activities	66,193
Cash Flow from Financing Activities		
S1200-360	Principal Payments - First Mortgage	(20,277)
S-1200-370	Principal Payments on Loans or Notes Payable	(70,000)
S1200-460	Net Cash used in Financing Activities	(90,277)
S1200-470	Net increase (decrease) in Cash and Cash Equivalents	(1,504)
Cash and Cash Equivalents		
S1200-480	Beginning of Period Cash	1,504
S1200T	End of Period Cash	-
Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
3250	Change in Total Net Assets from Operations	(513,330)
6600	Depreciation Expenses	3,812
S1200-490	Decrease (increase) in Tenant Accounts Receivable	2,721
S1200-520	Decrease (increase) in Prepaid Expenses	-
S1200-530	Decrease (increase) in Cash Restricted for Tenant Security Deposits	38,637
S1200-540	Decrease (increase) in Accounts Payable	-
S1200-570	Decrease (increase) in Accrued Interest Payable	(118)
S1200-580	Decrease (increase) in Tenant Security Deposits	(38,637)
S1200-590	Decrease (increase) in Prepaid Revenue (Tenant Rent)	-
	Other adjustments to reconcile net profit (loss) to Net Cash provided by (used in)	
S1200-600	Operating Activities.	529,495
S1200-610	Net Cash Provided by (used in) Operating Activities	22,580

The Housing Authority of Washington County
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments
For Period from July 1, 2014 to August 26, 2014

Owner Assumed Financial Responsibility for FASSUB Purpose		HAWC
PART II - SUPPLEMENTAL DATA		
RESERVE ACCOUNTS DATA		
Schedule of Reserve for Replacement		
1320P	Balance at Beginning of Year	125,722
1320DT	Total Monthly Deposits	2,520
1320ODT	Other Deposits	(128,249)
1320INT	Interest on Replacement Reserve Accounts	7
1320WT	Approved Withdrawals	-
1320	Balance at End of year, Confirmed by Mortgagee	-
1320R	Deposits Suspended or Waived Indicator (Yes/No)	Yes
Schedule of Residual Receipts		
1340P	Balance at Beginning of Year	41,687
1340ODT	Other Deposits	(41,688)
1340INT	Interest on Residual Receipts Accounts	1
1340WT	Approved Withdrawals	-
1340	Balance at Current Fiscal Year End	-
SURPLUS CASH & FIXED ASSETS DATA		
Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)		
S1300-010	Cash	-
S1300-040	Total Cash	-
S1300-050	Accrued Mortgage Interest Payable	-
S1300-075	Accounts Payable	-
2210	Prepaid Revenue	-
2191	Tenant Deposits Held in Trust	-
S1300-140	Total Current Obligations	-
S1300-150	Surplus Cash (Deficiency)	-
S1300-210	Deposit Due Residual Receipts	-
Schedule of Changes in Fixed Asset Accounts		
1410P	Beginning Balance for 1410	41,617
1410DT	Deductions for 1410	(41,617)
1410	Land	-
1420P	Beginning Balance for 1420	389,679
1420DT	Deductions for 1420	(389,679)
1420	Buildings	-
1400PT	Total Beginning Balance for Fixed Assets	431,296
1400DT	Total Asset Deductions	(431,296)
1400T	Total Fixed Assets	-
1495P	Beginning Balance for 1495	39,460
6600	Total Provisions	3,812
1400ADT	Total Accumulated Depreciation from Disposed Assets	43,272
1495	Ending Balance for Accumulated Depreciation	-
1400N	Total Net Book Value	-

**The Housing Authority of Washington County
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments
For Period from August 27, 2014 to June 30, 2015**

Owner Assumed Financial Responsibility for FASSUB Purpose		Aloha Park Apartments, LLC
PART I - SUPPLEMENTAL SCHEDULES WITH FINANCIAL DATA		
BALANCE SHEET DATA		
Assets		
1120	Cash-Operations	11,257
1130	Tenant Receivables	9,901
1130N	Net Tenant Accounts Receivable	9,901
1140	Accounts Receivable - Operations	28,738
1200	Prepaid Expenses	5,268
1100T	Total Current Assets	55,164
1191	Tenant Deposits Held in Trust	33,314
1310	Escrow Deposits	1,088,733
1320	Replacement Reserve	235,567
1340	Residual Receipts Reserve	41,688
1300T	Total Deposits	1,365,988
1410	Land	41,617
1420	Buildings	781,882
1440	Building Equipment	-
1450	Furniture	-
1400T	Total Fixed Assets	823,499
1495	Accumulated Depreciation	(63,873)
1400N	Total Fixed Assets	759,626
1000T	Total Assets	2,214,092
Liabilities		
2105	Bank Overdraft - Operations	-
2110	Accounts Payable-Operations	122,181
2130	Accrued Interest Payable - Section 236	-
2131	Accrued Interest Payable - First Mortgage	7,269
2170	Mortgage Payable (Short Term)	28,005
2190	Miscellaneous Current Liabilities	-
2210	Prepaid Revenue (Tenant Rent)	7
2122T	Total Current Liabilities	157,462
2191	Tenant Deposits Held in Trust	33,314
2320	Mortgage Payable	2,058,845
2300T	Total Long Term Liabilities	2,058,845
2000T	Total Liabilities	2,249,621
3131	Unrestricted Net Assets	47,888
3132	Temporarily Restricted Net Assets	(83,417)
3130	Total Net Assets	(35,529)
2033T	Total Liabilities and Net Assets	2,214,092

The Real Estate Assessment Center (REAC), established by the U.S. Department of Housing and Urban Development, requires the submission of certain financial data under the Uniform Financial Reporting Standards for multifamily housing properties insured and/or subsidized by HUD. This Annual Financial Statement, page 34 to page 37, is prepared pursuant to these requirements, consistent with accounting principles generally accepted in the United States of America, and is presented in the form specified by REAC. Aloha Park Apartments financial data are also reported under the Business Activities of the Financial Data Schedule on page 28 and page 29.

The Housing Authority of Washington County
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments
For Period from August 27, 2014 to June 30, 2015

Owner Assumed Financial Responsibility for FASSUB Purpose		Aloha Park Apartments, LLC
PROFIT & LOSS DATA		
5120	Rent Revenue - Gross Potential	436,074
5121	Tenant Assistance Payments	18,907
5194	Retained Excess Income	-
5100T	Total Rent Revenue	454,981
5220	Vacancies-Apartments	72,564
5200T	Total Vacancies	72,564
5152N	Net Rental Revenue	382,417
5430	Revenue from Investments - Residual Receipts	-
5440	Revenue from Investments - Replacement Reserve	-
5400T	Total Financial Revenue	-
5910	Laundry and Vending Revenue	6,534
5920	Tenant Charges	19,205
5945	Interest Reduction Payments	-
5900T	Total Other Revenue	25,739
5000T	Total Revenue	408,156
6210	Advertising and Marketing	337
6311	Office Expenses	9,499
6320	Management Fee	13,138
6330	Manager or Superintendent Salaries	55,496
6340	Legal Expense - Project	3,390
6350	Audit Expense	28
6370	Bad Debts	5,337
6390	Miscellaneous Administrative Expenses	7,853
6263T	Total Administrative Expenses	95,078
6450	Electricity	10,997
6451	Water	9,735
6453	Sewer	30,356
6400T	Total Utilities Expense	51,088
6510	Operating & Maintenance Payroll	30,792
6515	Operating & Maintenance Supplies	20,583
6520	Operating & Maintenance Contracts	103,271
6525	Operating & Maintenance Garbage and Trash Removal	19,132
6500T	Total Operating & Maintenance Expenses	173,778
6710	Real Estate Taxes	-
6711	Payroll Taxes (Project's Share)	8,758
6720	Property & Liability Insurance (Hazard)	5,103
6721	Fidelity Bond Insurance	-
6722	Workmen's Compensation	4,044
6700T	Total Taxes and Insurance	17,905
6820	Interest on First Mortgage Payable	74,253
6850	Mortgage Insurance	17,633
6890	Miscellaneous Financial Expenses	135,725
6800T	Total Financial Expenses	227,611
6000T	Total Cost of Operations before Depreciation	565,460
5060T	Profit (loss) before Depreciation	(157,304)
6600	Depreciation Expense	20,602
5060N	Operating Profit or (Loss)	(177,906)
7105	Entity Revenue	529,495
7190	Other Expenses	387,118
7100T	Net Entity Expense	(142,377)
3247	Change in Unrestricted Net Assets from Operations	(88,408)
3248	Change in Temporarily Restricted Assets from Operations	52,879
3250	Change in Total Net Assets from Operations	(35,529)
S1000-010	Total First Mortgage Principal Payments	20,251
S1000-020	Total Reserve for Replacement Deposits	27,000

**The Housing Authority of Washington County
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments
For Period from August 27, 2014 to June 30, 2015**

Owner Assumed Financial Responsibility for FASSUB Purpose		Aloha Park Apartments, LLC
EQUITY DATA		
S1100-060	Previous Year Unrestricted Net Assets	136,296
3247	Change in Unrestricted Net Assets from Operations	(88,408)
S1100-065	Other Changes in Unrestricted Net Assets	-
3131	Unrestricted Net Assets	47,888
S1100-070	Previous Year Temporarily Restricted Net Assets	(136,296)
3248	Change in Temporarily Restricted Net Assets	52,879
3132	Temporarily Restricted Net Assets	(83,417)
S1100-050	Previous Year Total Net Assets	-
3250	Change in Total Net Assets from Operations	(35,529)
S1100-055	Other Changes in Total Net Assets	-
3130	Total Net Assets	(35,529)
CASH FLOW DATA		
Cash Flow from Operating Activities		
S1200-010	Rental Receipts	339,917
S1200-020	Interest Receipts	-
S1200-030	Other Operating Receipts	25,739
S1200-040	Total Receipts	365,656
S1200-050	Administrative	(26,444)
S1200-070	Management Fee	(14,530)
S1200-090	Utilities	(51,088)
S1200-100	Salaries and Wages	(86,288)
S1200-110	Operating and Maintenance	(20,805)
S1200-140	Property Insurance	(520)
S1200-150	Miscellaneous Taxes and Insurance	(12,802)
S1200-160	Tenant Security Deposits	-
S1200-180	Interest on First Mortgage	(65,736)
S1200-210	Mortgage Insurance Premium (MIP)	(22,901)
S1200-230	Total Disbursements	(301,114)
S1200-240	Net Cash Provided by Operations	64,542
Cash Flow from Investing Activities		
S1200-245	Net Deposits to the Mortgage Escrow account	227,713
S1200-250	Net Deposits to the Reserve for Replacement account	(27,046)
S1200-260	Net Deposit to the Residual Receipts account	-
S1200-330	Net Purchase of Fixed Assets	(376,078)
S1200-340	Other Investing Activities	142,377
S1200-350	Net Cash used in Investing Activities	(33,034)
Cash Flow from Financing Activities		
S1200-360	Principal Payments - First Mortgage	(20,251)
S-1200-365	Proceeds From Mortgages, Loans, or Notes Payable	-
S1200-460	Net Cash used in Financing Activities	(20,251)
S1200-470	Net increase (decrease) in Cash and Cash Equivalents	11,257
Cash and Cash Equivalents		
S1200-480	Beginning of Period Cash	-
S1200T	End of Period Cash	11,257
Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
3250	Change in Total Net Assets from Operations	(35,529)
6600	Depreciation Expenses	20,602
S1200-490	Decrease (increase) in Tenant Accounts Receivable	(42,507)
S1200-520	Decrease (increase) in Prepaid Expenses	134,896
S1200-530	Decrease (increase) in Cash Restricted for Tenant Security Deposits	4,920
S1200-540	Decrease (increase) in Accounts Payable	122,181
S1200-570	Decrease (increase) in Accrued Interest Payable	7,269
S1200-580	Decrease (increase) in Tenant Security Deposits	(4,920)
S1200-590	Decrease (increase) in Prepaid Revenue (Tenant Rent)	7
	Other adjustments to reconcile net profit (loss) to Net Cash provided by (used in)	
S1200-600	Operating Activities.	(142,377)
S1200-610	Net Cash Provided by (used in) Operating Activities	64,542

The Housing Authority of Washington County
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments
For Period from August 27, 2014 to June 30, 2015

Owner Assumed Financial Responsibility for FASSUB Purpose		Aloha Park Apartments, LLC
PART II - SUPPLEMENTAL DATA		
RESERVE ACCOUNTS DATA		
Schedule of Reserve for Replacement		
1320P	Balance at Beginning of Year	208,521
1320DT	Total Monthly Deposits	27,000
1320ODT	Other Deposits	-
1320INT	Interest on Replacement Reserve Accounts	46
1320WT	Approved Withdrawals	-
1320	Balance at End of year, Confirmed by Mortgagee	235,567
1320R	Deposits Suspended or Waived Indicator (Yes/No)	No
Schedule of Residual Receipts		
1340P	Balance at Beginning of Year	-
1340ODT	Other Deposits	41,688
1340INT	Interest on Residual Receipts Accounts	-
1340WT	Approved Withdrawals	-
1340	Balance at Current Fiscal Year End	41,688
SURPLUS CASH & FIXED ASSETS DATA		
Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)		
S1300-010	Cash	44,571
S1300-040	Total Cash	44,571
S1300-050	Accrued Mortgage Interest Payable	-
S1300-075	Accounts Payable	122,181
2210	Prepaid Revenue	7
2191	Tenant Deposits Held in Trust	33,314
S1300-140	Total Current Obligations	155,502
S1300-150	Surplus Cash (Deficiency)	(110,931)
S1300-210	Deposit Due Residual Receipts	-
Schedule of Changes in Fixed Asset Accounts		
1410P	Beginning Balance for 1410	41,617
1410	Land	41,617
1420P	Beginning Balance for 1420	405,804
1420AT	Additions for 1420	376,078
1420	Buildings	781,882
1400PT	Total Beginning Balance for Fixed Assets	447,421
1400AT	Total Asset Additions	376,078
1400T	Total Fixed Assets	823,499
1495P	Beginning Balance for 1495	43,271
6600	Total Provisions	20,602
1495	Ending Balance for Accumulated Depreciation	63,873
1400N	Total Net Book Value	759,626

**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***

&

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**

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Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

ACHIEVE MORE

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

**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**

INDEPENDENT AUDITOR'S REPORT

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
Hillsboro, 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 financial statements of the Housing Authority of Washington County, Hillsboro, Oregon (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 21, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS* (Continued)**

INDEPENDENT AUDITOR'S REPORT (Continued)

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority'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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Talbot, Korvola & Warwick, LLP

Lake Oswego, Oregon
December 21, 2015

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**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

ACHIEVE MORE

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
Hillsboro, Oregon

We have audited the basic financial statements of the Housing Authority of Washington County, Hillsboro, Oregon (the Authority), a component unit of Washington County, Oregon as of and for the year ended June 30, 2015, and have issued our report thereon dated December 21, 2015. 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.

COMPLIANCE

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, 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.

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:

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

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

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

OAR 162-10-0230 INTERNAL CONTROL

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

Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards* is presented elsewhere in this report, as listed in the Table of Contents.

RESTRICTIONS ON USE

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

Talbot, Korvola & Wawvic, LLP

Lake Oswego, Oregon
December 21, 2015

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111 NE Lincoln St., Hillsboro, OR 97124-3082

503-846-4794

www.co.washington.or.us