



FINANCIAL STATEMENTS & SUPPLEMENTARY DATA

# The Housing Authority of Washington County

FISCAL YEAR ENDED  
JUNE 30, 2016

(A COMPONENT UNIT OF WASHINGTON COUNTY, OREGON)



**WASHINGTON COUNTY**  
**OREGON**

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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, 2016

<u>Name</u>	<u>Term Expires</u>
Andy Duyck * Director	December 31, 2017
Greg Malinowski * Director	December 31, 2019
Nichole Weaver Director	December 31, 2019
Roy Rogers * Director	December 31, 2018
Dick Schouten * Director	December 31, 2016
Bob Terry * Director	December 31, 2019
Shannon Wilson Director	December 31, 2019

\* 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 13, 2016

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, 2016. 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, and victims of domestic violence. The Authority also has 97 HUD-VA VASH (Veterans Affairs Supportive Housing) vouchers, which provide veterans with housing in conjunction with services received from US Department of Veterans Affairs. Another Section 8 program is Family Self-Sufficiency (FSS). An interest-bearing escrow account is established by the Authority for each participating FSS family. Any increases in the family's rent as a result of increased earned income during the family's participation in the program result in a credit to the family's escrow account. Once a family graduates from the program, they may access the escrow and use it for any purpose, such as purchasing a home, starting a business, or paying for education. The Authority currently has 86 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 FY2015-16, the Authority invested approximately \$97,000 of funds provided by the Public Housing Capital Fund program, and approximately \$93,000 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 US Department of Agriculture-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 but regulated affordable units.
- The Authority also owns 339 units of regulated 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 \$355,222 in FY2014-15 and \$400,222 in FY2015-16 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 58 unaccompanied adults with transitional housing, supportive services, and job counseling during FY2015-16.
- **The Mary Mac House** is a short-term transitional housing program serving homeless households experiencing housing instability due to domestic violence. This Program provides a continuity of services from shelter to housing, and is focused on the continued progress of the survivor to work toward self-sufficiency using leased housing as a platform for rapid transition back into the community. The Mary Mac House provides stability for school-age children as they continue education in their school of origin and support for adults as they locate permanent housing.
- **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 185 families are currently served. Competitive grant applications are submitted annually. The County received \$2.7 million for this program during FY2015-16, providing assistance to fourteen programs, with all programs administered by the Department.

### ***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. The Section 8 administration funding has been increasing slightly since calendar year 2014, 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 the operating and maintenance costs of the HUD-subsidized Affordable Housing units.

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. In April, the Authority completed a four-year Department of Labor Workforce Innovation Fund project awarded in 2012, called Housing Works. This project involved three regional WorkSource agencies and the four regional housing authorities, and supported 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 outcomes of this project have significantly reduced the rental assistance needed for participating families.

The Authority also participates in a Department of Health and Human Services grant awarded to Worksystems, Inc. in September 2015 to fund a Health Careers Northwest program for \$12 million over five years. 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.

The Authority addressed the County's Consolidated Plan's "highest needs" and the strategies of the Ten-Year Plan to End Homelessness by allocating 103 Section 8 project-based vouchers (PBVs) to nonprofit agencies to promote creation of permanent housing: 32 PBVs for households who are chronically homeless, 46 PBVs for low-income (30% MFI or below), and 25 PBVs for people with special needs. The Authority is strategically using these Section 8 project-based vouchers to promote new affordable housing development in Washington County. An additional 101 PBVs have been awarded to developments that are currently under development. Other project-based voucher opportunities, to include conversion of HUD-VAVASH vouchers to project-based, to provide affordable housing for seniors, extremely low-income households and chronically homeless veterans are under discussion using existing, new development and/or substantial rehab opportunities.

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, which aligns nearly 900 beds and services into 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 it has demonstrated efficiencies and effectiveness in serving 1,911 homeless household during FY2014-15 and 1,968 homeless households during FY2015-16.

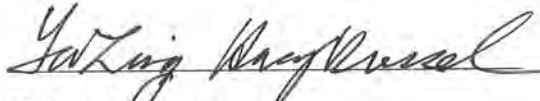
The Authority is working closely with the Department of Land Use and Transportation to address housing affordability in Washington County, including the Aloha Town Center/TV Highway Transit-Oriented Development plan. The Authority is also responsible for development and portfolio management, either directly or through a wholly-owned affiliate, may work with developers, financial institutions and government agencies to build or acquire/rehabilitate thriving affordable housing communities in Washington County. To better promote affordable housing development, the Authority has been coordinating with Washington County cities and other taxing jurisdictions to implement a county-wide non-profit corporation low-income housing tax exemption policy.

On the State level, the Authority was an active participant supporting the Oregon Housing Alliance's agenda in the 2013 legislative session to gain the 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 Authority has also been a participant on the Transition Advisory Committee working to transform the Oregon Department of Housing and Community Services. The Authority 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 new Affordable Housing funds.

Respectfully Submitted,



Adolph A. Valfre, Jr.  
**Executive Director**



YaLing Huang-Dressel  
**Finance Manager**



**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

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## **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, 2016, 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, 2016, 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, the 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**

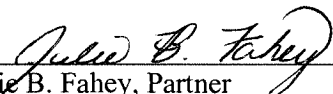
*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, 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 13, 2016, 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 13, 2016

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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, 2016. 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. The Authority receives federal assistance whose funds are reported as part of the Federal Grants Report of Washington County, Oregon.

### **Financial Highlights**

- The assets and deferred outflow of resources of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$4,301. Of this amount \$2,205 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position increased by \$618. The growth was due to the operating income of \$1,316, non-operating net expenses of \$1,038 and capital contributions of \$340.
- The Authority's debt decreased by \$550.

### **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 26 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 2016 compared to 2015.

	<b>Dollars in thousands</b>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Assets:</b>			
Assets, excluding capital assets	\$ 8,429	7,151	1,278
Capital assets	26,279	27,178	(899)
Total assets	34,708	34,329	379
Deferred outflow of resources	2,352	2,533	(181)
<b>Liabilities:</b>			
Other current and restricted liabilities	2,485	2,153	332
Long-term debt	30,274	31,026	(752)
Total liabilities	32,759	33,179	(420)
<b>Net position:</b>			
Net investment in capital assets	(798)	(18)	(780)
Restricted	2,894	3,978	(1,084)
Unrestricted (deficit)	2,205	(277)	2,482
Total net position	\$ 4,301	3,683	618

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 \$4,301 at the close of the most recent fiscal year.

Assets increased by \$379 during FY2015-16. Assets excluding capital assets increased \$1,278, contributing to this increase were additional funding in intergovernmental revenues, recognition of investment in partnership with Quatama Housing Limited Partnership, cash flow distribution from Quatama Housing Limited Partnership and release of reserves from refinanced Aloha Park Apartments property. Capital assets decreased by \$899, due to depreciation expense in excess of acquisitions.

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

Liabilities decreased by \$420. Current and restricted liabilities increased by \$332 and Long-term debts decreased by \$752 to reflect the Amberwood HOME loan of \$600 due in October 2016 and debt payments made during the fiscal year.

Net investment in capital has a deficit balance of \$798, 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 unrestricted net position. The restricted net position totals \$2,894, consists of \$22 cash restricted by HUD for future housing assistance payments (HAP), \$1,729 cash restricted by a County loan agreement for debt service, and \$1,143 reserves for replacement of assets required by loan agreements.



The total net position of the Authority increased by \$618. The net investment in capital assets decreased by \$780. The restricted net position decreased by \$1,084, and the unrestricted net position increased by \$2,482.

***Change in Net Position***

The following provides a summary of the Authority's change in net position for 2016 compared to 2015:

	<b>Dollars in thousands</b>		
	<b>2016</b>	<b>2015</b>	<b>Change</b>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 23,617	23,887	(270)
Rental income	5,786	5,600	186
Other revenue	1,932	1,263	669
Total revenues	<u>31,335</u>	<u>30,750</u>	<u>585</u>
<b>Expenses:</b>			
Housing assistance payments	20,925	20,713	212
Other operating expenses	9,094	8,920	174
Non-operating expenses, net	1,038	1,633	(595)
Total expenses	<u>31,057</u>	<u>31,266</u>	<u>(209)</u>
Net Income (loss) before capital contributions	278	(516)	794
Capital contributions	340	34	306
Increase (decrease) in net position	618	(482)	1,100
Net position, beginning of year	<u>3,683</u>	<u>4,165</u>	<u>(482)</u>
Net position, end of year	<u>\$ 4,301</u>	<u>3,683</u>	<u>618</u>

Total revenues increased by \$585, or 1.9% from the previous year. Intergovernmental revenues decreased \$270 (1.1%) due to a slight decrease of the housing assistance payment receipts and the Low Rent Public Housing operating subsidies. Rental income increased \$186 (3.3%) due to the decrease of vacancy loss. Other revenue increased by \$669 (53%) primarily due to cash flow distribution from Quatama Housing Limited Partnership, which the Authority holds a 50% limited partner interest in the limited partnership.

Total expenses decreased by \$209, or 0.7%. Housing assistance payments increased by \$212 (1%) mainly due to higher payments per unit. Other operating expenses increased \$174 (2%). Non-operating expenses decreased by \$595 or 36.4% mainly due to the \$428 investment in partnership with Quatama Housing LP.

Capital contributions increased by \$306.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

As of June 30, 2016, the Authority's capital assets were \$26,279 (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, and office equipment.

The Authority invested \$828 in capital improvements, which include \$97 of capital contributions funded by the Public Housing Capital Fund program, \$242 from Washington County foreclosed property, and \$489 of purchases by the Authority.

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 \$31,022. Of this amount, \$26,740 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, \$2,059 of the Aloha Park Apartments refinance closed in August 2014, \$2,089 of notes to other lenders, and \$134 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.

## **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, 2016

**Assets**

Current assets:

Unrestricted cash and cash equivalents	\$	3,604,322
Restricted cash and cash equivalents		528,795
Accounts receivable		406,795
Current portion of contracts receivable		3,981
Other current assets		28,167
		4,572,060

Total current assets

Noncurrent assets:

Restricted cash and cash equivalents		3,112,977
Contracts receivable		315,043
Investment in partnership		428,305
Capital assets, non-depreciable		8,302,896
Capital assets, depreciable, net		17,976,259
		30,135,480

Total noncurrent assets

Total assets

34,707,540

**Deferred Outflow of Resources**

Deferred refunding costs		2,351,972
		2,351,972

**Liabilities**

Current liabilities:

Accounts payable		303,249
Unearned revenue		55,633
Accrued interest payable		647,340
Current portion of notes and contracts payable		748,546

Current liabilities payable from restricted assets:

Tenant and other deposits		511,668
		511,668

Total current liabilities

2,266,436

Noncurrent liabilities:

Notes and contracts payable		30,273,751
Deposits payable from restricted assets		218,610
		30,492,361

Total non-current liabilities

30,492,361

Total liabilities

32,758,797

**Net Position**

Net investment in capital assets		(798,055)
Restricted		2,894,367
Unrestricted		2,204,403
		2,204,403

Total net position

\$ 4,300,715

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, 2016

Operating revenues:	
Intergovernmental revenues	\$ 23,617,305
Rental income	5,785,555
Other	1,931,806
Total operating revenues	<u>31,334,666</u>
Operating expenses:	
Housing assistance payments	20,924,965
Repairs and maintenance	2,494,555
Administrative costs	3,886,992
Utilities	663,861
Depreciation	1,727,175
Other	321,146
Total operating expenses	<u>30,018,694</u>
Operating income	<u>1,315,972</u>
Non-operating revenues (expenses):	
Gain on sale of assets	12,562
Investment in partnership	428,305
Interest on investments	38,617
Interest and amortization	(1,517,726)
Total non-operating revenues (expenses)	<u>(1,038,242)</u>
Income before capital contributions	277,730
Capital contributions	<u>339,534</u>
Increase in net position	<u>617,264</u>
Net position, beginning of year	<u>3,683,451</u>
Net position, end of year	<u>\$ 4,300,715</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, 2016

Cash flows from operating activities:	
Cash received for services provided	\$ 31,313,190
Cash payments for labor and benefits	(3,701,323)
Cash payments for goods and services	(24,463,603)
	<u>3,148,264</u>
Net cash provided by operating activities	
Cash flows from capital and related financing activities:	
Capital grants	339,534
Acquisition of capital assets	(827,915)
Decrease in contracts receivable	18,386
Current maturities and principal payments of notes payable	(550,020)
Interest paid on notes payable	(1,342,487)
Proceeds from disposal of capital assets	12,562
	<u>(2,349,940)</u>
Net cash used for capital and related financing activities	
Cash flows from investing activities:	
Interest on investments	38,617
	<u>38,617</u>
Net increase in cash and cash equivalents	836,941
Cash and cash equivalents at beginning of year	<u>6,409,153</u>
Cash and cash equivalents at end of year (1)	<u><u>\$ 7,246,094</u></u>
Reconciliation of operating income to net cash provided from operating activities:	
Operating income	\$ 1,315,972
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,727,175
Changes in assets and liabilities:	
Increase in accounts receivable, net	(36,117)
Decrease in other current assets	4,847
Increase in accounts payable	30,714
Increase in deposits	91,032
Increase in unearned revenue	14,641
	<u>1,727,175</u>
Net cash provided by operating activities	<u><u>\$ 3,148,264</u></u>
(1) Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Current assets - unrestricted	\$ 3,604,322
Current assets - restricted	528,795
Noncurrent assets - restricted	<u>3,112,977</u>
	<u><u>\$ 7,246,094</u></u>
Supplemental disclosure of non-cash transactions	
Investment in partnership	<u><u>\$ 428,305</u></u>

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF  
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Notes to Basic Financial Statements

June 30, 2016

**(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, as the primary government, and its component unit. 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 a blended component unit. 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 FHA 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 was 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 Note 9 and Other Supplementary Information.



**THE HOUSING AUTHORITY OF  
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Notes to Basic Financial Statements

June 30, 2016

***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, deferred outflow of resources 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, 2016, 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  
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Notes to Basic Financial Statements

June 30, 2016

***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.

***Contracts Receivable***

The Authority holds three second mortgages and two third mortgages for low-income home purchasers in the amount of \$69,584. The Authority is owed \$248,960 in developer's fees in connection with private activity bonds issued for the construction of housing projects, and is owed \$480 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.

***Investment in Partnership***

Investment in partnership represents the Authority's equity interest in Quatama Housing Limited Partnership. This investment is accounted using the equity method. Under the equity method, the initial investment is recorded at cost and increased or decreased by the Authority's share of income or loss and is increased by contributions and decreased by distributions. Investment in Quatama Housing Limited Partnership of \$428,305 was recorded as of December 31, 2015, the latest available audited financial statements.

***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

**THE HOUSING AUTHORITY OF  
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Notes to Basic Financial Statements

June 30, 2016

***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.

***Vested Compensated Absences, Sick Pay, Other Post-Employment Obligation, and Net Pension 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 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, 2016 maintained by the Authority was \$36,107 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, 2016 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, 2016, the Authority's cash and cash equivalents are comprised of the following:

Bank accounts	\$ 36,107
Reserves held by lenders	336,814
Accounts administered by subcontracted management companies	564,566
Deposits with Washington County Investment Pool	<u>6,308,607</u>
Total cash and cash equivalents	\$ <u><u>7,246,094</u></u>

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

Notes to Basic Financial Statements

June 30, 2016

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

Unrestricted:		
Cash and cash equivalents	\$	3,604,322
Restricted for:		
Affordable housing county bond reserve		1,728,807
Replacement reserves		1,120,269
Retainage in escrow		23,494
Restricted for payment of current liabilities		528,795
Restricted for payment of noncurrent liabilities		240,407
Total restricted		3,641,772
Total cash and cash equivalents	\$	7,246,094

**(3) Capital Assets**

Capital asset activity is as follows:

	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Balance June 30, 2016</b>
Capital assets not being depreciated:					
Land	\$ 8,169,334	126,500	—	—	8,295,834
Construction in progress	34,274	7,062	—	(34,274)	7,062
Total capital assets not being depreciated	8,203,608	133,562	—	(34,274)	8,302,896
Capital assets being depreciated:					
Buildings and improvements	47,605,944	621,796	—	34,274	48,262,014
Office equipment and other	107,640	—	—	—	107,640
Vehicles	281,112	72,557	(67,712)	—	285,957
Total capital assets being depreciated	47,994,696	694,353	(67,712)	34,274	48,655,611
Less accumulated depreciation for:					
Buildings and improvements	(28,651,572)	(1,713,552)	—	—	(30,365,124)
Office equipment and other	(107,640)	—	—	—	(107,640)
Vehicles	(260,677)	(13,623)	67,712	—	(206,588)
Total accumulated depreciation	(29,019,889)	(1,727,175)	67,712	—	(30,679,352)
Total capital assets being depreciated, net	18,974,807	(1,032,822)	—	34,274	17,976,259
Total capital assets, net	\$ 27,178,415	(899,260)	—	—	26,279,155

**THE HOUSING AUTHORITY OF  
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Notes to Basic Financial Statements

June 30, 2016

**(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.

***Notes and Contracts Payable***

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

Notes	Amount Issued	Interest Rates	Outstanding June 30, 2015	Increase	Decrease	Outstanding June 30, 2016
Farmer's Home Administration	\$ 361,000	9 to 9.5%	\$ 322,984	—	(4,297)	318,687
State of Oregon	181,238	0 to 8.97%	28,645	—	(10,707)	17,938
Office of Community Development	652,310	0%	652,310	—	(3,737)	648,573
HOME contracts	1,104,300	3.0%	1,104,300	—	—	1,104,300
Washington County IGA	1,300,000	4.6%	232,228	—	(98,274)	133,954
Washington County Loan Agreement	28,985,000	2.25% to 5.0%	27,145,000	—	(405,000)	26,740,000
Berkadia Bank Mortgage	2,107,100	4.18%	2,086,850	—	(28,005)	2,058,845
			<u>\$ 31,572,317</u>	<u>—</u>	<u>(550,020)</u>	<u>31,022,297</u>

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

Fiscal year ending June 30,	Notes and Contracts Payable	
	Principal	Interest
2017	\$ 748,546	\$ 1,321,041
2018	512,203	1,305,273
2019	487,446	1,288,090
2020	554,364	1,269,280
2021	631,396	1,246,430
2022-2026	3,617,024	5,762,274
2027-2031	4,435,339	4,944,727
2032-2036	5,526,029	3,849,791
2037-2041	6,822,166	2,439,028
2042-2046	6,691,205	735,777
2047-2050	348,006	23,566
Due on sale of property	648,573	—
	<u>\$ 31,022,297</u>	<u>\$ 24,185,277</u>

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

Notes to Basic Financial Statements

June 30, 2016

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

Current maturities	\$ 748,546
Non-current maturities	<u>30,273,751</u>
	<u>\$ 31,022,297</u>

**(5) Transactions with Related Parties**

The Authority paid Washington County \$690,340 for administrative, vehicle maintenance, legal and allocated overhead expenses, and \$2,975,018 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 and \$44,250 to supplement the continuation of the DOL Housing Works grant.

**(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, 2016 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.

**(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, 2016, there was two series of multi-family Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$25,700,000.

**(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.

**THE HOUSING AUTHORITY OF  
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Notes to Basic Financial Statements

June 30, 2016

**(9) Blended Component Unit**

The Authority's blended component unit, Aloha Park Apartments, LLC condensed financial information is as follows:

Condensed Statement of Net Position  
June 30, 2016

Assets:	
Assets, excluding capital assets	\$ 395,712
Capital assets	<u>830,846</u>
Total assets	<u>1,226,558</u>
Liabilities:	
Other current and restricted liabilities	76,384
Long-term debt	<u>2,029,647</u>
Total liabilities	<u>2,106,031</u>
Net position:	
Net investment in capital assets	365,116
Restricted	295,125
Unrestricted (deficit)	<u>(1,539,714)</u>
Total net position (deficit)	<u>\$ (879,473)</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position  
For the Year ended June 30, 2016

Revenues:	
Rental income	\$ 506,483
Other revenue	<u>18,976</u>
Total revenues	<u>525,459</u>
Expenses:	
Operating expenses	430,795
Non-operating expenses	<u>938,606</u>
Total expenses	<u>1,369,401</u>
Decrease in net position	(843,942)
Net position (deficit), beginning of year	<u>(35,531)</u>
Net position (deficit), end of year	<u>\$ (879,473)</u>

**THE HOUSING AUTHORITY OF  
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Notes to Basic Financial Statements

June 30, 2016

**(10) Subsequent Events**

In September 2016, the Authority acquired three parcels of land totaling 1.31 acres at the northwest corner of SW 185th Avenue and SW Baseline Road, for \$1.00 from Washington County, Oregon. This property is for the purpose of development of 57-100 mixed multi-family units to serve low-income households at 30% to 60% of area median family income.

In October 2016, the Authority executed an amendment to amend interest rate, time and amount of payment on one of the Authority's HOME loan contracts.



**OTHER SUPPLEMENTARY INFORMATION**

**THE HOUSING AUTHORITY OF  
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Financial Data Schedule  
June 30, 2016

FDS # Assets	<u>Housing Choice Vouchers</u>	<u>FSS Grant</u>	<u>Low Rent Public Housing</u>	<u>Business Activities</u>	<u>Total</u>	<u>Allocated Overhead</u>	<u>HAWC Total</u>	
<b>Current assets</b>								
<b>Cash</b>								
111	Unrestricted	\$ 214,741	—	715,906	2,658,193	3,588,840	15,482	3,604,322
113	Other restricted	240,407	—	—	2,872,570	3,112,977	—	3,112,977
114	Tenant security deposits	—	—	77,717	360,564	438,281	—	438,281
115	Restricted for payment of current liabilities	73,387	17,127	—	—	90,514	—	90,514
100	<b>Total cash</b>	<b>528,535</b>	<b>17,127</b>	<b>793,623</b>	<b>5,891,327</b>	<b>7,230,612</b>	<b>15,482</b>	<b>7,246,094</b>
<b>Receivables</b>								
121	Accounts receivable - PHA projects	19,266	—	—	—	19,266	—	19,266
122	Accounts receivable - HUD other projects	—	—	63,657	—	63,657	—	63,657
124	Accounts receivable - other governments	2,634	—	517	56,623	59,774	—	59,774
125	Accounts receivable - miscellaneous	—	—	—	160,684	160,684	—	160,684
126	Accounts receivable - tenants	—	—	4,942	68,748	73,690	13,916	87,606
127	Notes & mortgages receivable - current	—	—	480	3,501	3,981	—	3,981
128	Fraud recovery	—	—	15,808	—	15,808	—	15,808
120	<b>Total receivables net of allowances for doubtful accounts</b>	<b>21,900</b>	<b>—</b>	<b>85,404</b>	<b>289,556</b>	<b>396,860</b>	<b>13,916</b>	<b>410,776</b>
142	Prepaid expenses and other assets	1,325	—	1,387	20,455	23,167	—	23,167
143	Inventories	—	—	10,000	—	10,000	—	10,000
143.1	Inventories - allowance for obsolete	—	—	(5,000)	—	(5,000)	—	(5,000)
150	<b>Total current assets</b>	<b>551,760</b>	<b>17,127</b>	<b>885,414</b>	<b>6,201,338</b>	<b>7,655,639</b>	<b>29,398</b>	<b>7,685,037</b>
<b>Non-current assets</b>								
<b>Capital assets</b>								
161	Land	—	—	3,625,840	4,669,994	8,295,834	—	8,295,834
162	Buildings	—	—	16,429,341	31,832,673	48,262,014	—	48,262,014
164	Furniture, equipment and machinery - administration	24,226	—	336,880	—	361,106	32,491	393,597
166	Accumulated depreciation	(24,226)	—	(13,899,197)	(16,723,438)	(30,646,861)	(32,491)	(30,679,352)
167	Construction in progress	—	—	—	7,062	7,062	—	7,062
160	<b>Total capital assets, net</b>	<b>—</b>	<b>—</b>	<b>6,492,864</b>	<b>19,786,291</b>	<b>26,279,155</b>	<b>—</b>	<b>26,279,155</b>
171	Notes, loans and mortgages receivable non-current	—	—	—	315,043	315,043	—	315,043
176	Investment in partnership	—	—	—	428,305	428,305	—	428,305
180	<b>Total non-current assets</b>	<b>—</b>	<b>—</b>	<b>6,492,864</b>	<b>20,529,639</b>	<b>27,022,503</b>	<b>—</b>	<b>27,022,503</b>
	<b>Total assets</b>	<b>551,760</b>	<b>17,127</b>	<b>7,378,278</b>	<b>26,730,977</b>	<b>34,678,142</b>	<b>29,398</b>	<b>34,707,540</b>
200	<b>Deferred outflow of resources</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,351,972</b>	<b>2,351,972</b>	<b>—</b>	<b>2,351,972</b>
290	<b>Total assets and deferred outflows</b>	<b>\$ 551,760</b>	<b>17,127</b>	<b>7,378,278</b>	<b>29,082,949</b>	<b>37,030,114</b>	<b>29,398</b>	<b>37,059,512</b>
<b>Liabilities and net position</b>								
<b>Liabilities</b>								
<b>Current liabilities</b>								
312	Accounts payable	\$ 12,787	—	35,294	136,724	184,805	29,398	214,203
325	Accrued interest payable	—	—	—	647,340	647,340	—	647,340
331	Accounts payable - HUD PHA programs	31,287	—	—	—	31,287	—	31,287
333	Accounts payable - other government	—	—	57,759	—	57,759	—	57,759
341	Tenant security deposits	—	—	77,717	360,564	438,281	—	438,281
342	Unearned revenue	—	17,127	5,436	33,070	55,633	—	55,633
343	Current portion of long-term debt, capital projects	—	—	—	748,546	748,546	—	748,546
345	Other current liabilities	73,387	—	—	—	73,387	—	73,387
310	<b>Total current liabilities</b>	<b>117,461</b>	<b>17,127</b>	<b>176,206</b>	<b>1,926,244</b>	<b>2,237,038</b>	<b>29,398</b>	<b>2,266,436</b>
<b>Non-current liabilities</b>								
351	Long-term debt, capital projects	—	—	—	30,273,751	30,273,751	—	30,273,751
353	Other non-current liabilities	218,610	—	—	—	218,610	—	218,610
350	<b>Total non-current liabilities</b>	<b>218,610</b>	<b>—</b>	<b>—</b>	<b>30,273,751</b>	<b>30,492,361</b>	<b>—</b>	<b>30,492,361</b>
300	<b>Total liabilities</b>	<b>336,071</b>	<b>17,127</b>	<b>176,206</b>	<b>32,199,995</b>	<b>32,729,399</b>	<b>29,398</b>	<b>32,758,797</b>
<b>Net position</b>								
508.4	Net investment in capital assets	—	—	6,492,864	(7,290,919)	(798,055)	—	(798,055)
511.4	Restricted net position	21,797	—	—	2,872,570	2,894,367	—	2,894,367
512.4	Unrestricted net position	193,892	—	709,208	1,301,303	2,204,403	—	2,204,403
513	<b>Total net position</b>	<b>215,689</b>	<b>—</b>	<b>7,202,072</b>	<b>(3,117,046)</b>	<b>4,300,715</b>	<b>—</b>	<b>4,300,715</b>
600	<b>Total liabilities and net position</b>	<b>\$ 551,760</b>	<b>17,127</b>	<b>7,378,278</b>	<b>29,082,949</b>	<b>37,030,114</b>	<b>29,398</b>	<b>37,059,512</b>

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, 2016

FDS #	Revenues and expenses	Housing Choice Vouchers	FSS Grant	Operating Fund	Capital Fund	Business Activities	Elimination	FDS Total	Allocated Overhead	HAWC Total
<b>Revenues</b>										
70300	Net tenant rental revenue	\$ —	—	665,072	—	5,120,483	—	5,785,555	—	5,785,555
70400	Tenant revenue - other	—	—	40,188	—	110,449	—	150,637	—	150,637
70600	HUD PHA operating grants	22,111,549	68,721	800,795	438,624	—	—	23,419,689	—	23,419,689
70610	Capital grants	—	—	—	96,794	—	—	96,794	—	96,794
70800	Other government grants	—	—	—	—	440,356	—	440,356	—	440,356
71100	Investment income - unrestricted	2,423	—	7,284	—	26,782	—	36,489	464	36,953
71200	Mortgage interest income	—	—	—	—	540	—	540	—	540
71400	Fraud recovery - unrestricted	17,712	—	21,409	—	—	—	39,121	—	39,121
71400	Fraud recovery - restricted	17,712	—	—	—	—	—	17,712	—	17,712
71500	Other revenue	499,354	—	10,754	—	1,642,533	—	2,152,641	—	2,152,641
71600	Gain on sale of assets	—	—	12,562	—	—	—	12,562	—	12,562
72000	Investment income - restricted	839	—	285	—	—	—	1,124	—	1,124
70000	<b>Total revenues</b>	<b>22,649,589</b>	<b>68,721</b>	<b>1,558,349</b>	<b>535,418</b>	<b>7,341,143</b>	<b>—</b>	<b>32,153,220</b>	<b>464</b>	<b>32,153,684</b>
<b>Operating expenses</b>										
91100	Administrative salaries	672,494	—	161,711	—	484,598	—	1,318,803	558,350	1,877,153
91200	Auditing fees	17,760	—	15,540	—	5,050	—	38,350	—	38,350
91300	Management fee	—	—	—	—	170,737	—	170,737	—	170,737
91400	Advertising and marketing	620	—	620	—	655	—	1,895	—	1,895
91500	Employee benefit contributions	369,670	—	89,552	—	111,015	—	570,237	232,365	802,602
91600	Office expenses	16,786	—	9,254	—	54,081	—	80,121	330	80,451
91700	Legal expenses	—	—	—	—	17,264	—	17,264	—	17,264
91800	Travel expenses	41	—	—	—	3,320	—	3,361	26	3,387
91810	Allocated overhead	421,593	—	406,811	—	184,880	—	1,013,284	(1,013,284)	—
91900	Other operating	276,780	—	194,739	—	118,583	—	590,102	222,677	812,779
92100	Tenant services - salaries	—	46,461	—	—	—	—	46,461	—	46,461
92300	Tenant services - benefits	—	22,260	—	—	—	—	22,260	—	22,260
92400	Tenant services - other	13,653	—	—	—	—	—	13,653	—	13,653
93100	Water	—	—	36,217	—	166,001	—	202,218	—	202,218
93200	Electricity	—	—	6,787	—	78,603	—	85,390	—	85,390
93300	Gas	—	—	2,838	—	23,332	—	26,170	—	26,170
93600	Sewer	—	—	36,928	—	308,042	—	344,970	—	344,970
93800	Other utility expense	—	—	4,716	—	397	—	5,113	—	5,113
94100	Maintenance salaries	—	—	458,128	—	239,022	—	697,150	—	697,150
94200	Materials and other	—	—	180,006	—	178,394	—	358,400	—	358,400
94300	Contract costs	—	—	126,309	—	1,056,999	—	1,183,308	—	1,183,308
94500	Maintenance benefits	—	—	226,846	—	28,851	—	255,697	—	255,697
96110	Property insurance	—	—	26,881	—	88,057	—	114,938	—	114,938
96120	Liability insurance	4,637	—	4,368	—	11,348	—	20,353	—	20,353
96140	Other insurance	1,289	—	6,444	—	14,396	—	22,129	—	22,129
96200	Other general expenses	26,444	—	1,000	—	1,894	—	29,338	—	29,338
96300	Payments in lieu of taxes	—	—	57,759	—	—	—	57,759	—	57,759
96400	Bad debt - tenant rents	—	—	19,440	—	57,189	—	76,629	—	76,629
96710	Interest on notes payable	—	—	—	—	1,517,726	—	1,517,726	—	1,517,726
96900	<b>Total operating expenses</b>	<b>1,821,767</b>	<b>68,721</b>	<b>2,072,894</b>	<b>—</b>	<b>4,920,434</b>	<b>—</b>	<b>8,883,816</b>	<b>464</b>	<b>8,884,280</b>
97000	<b>Excess (deficiency) of operating revenue over operating expenses</b>	<b>20,827,822</b>	<b>—</b>	<b>(514,545)</b>	<b>535,418</b>	<b>2,420,709</b>	<b>—</b>	<b>23,269,404</b>	<b>—</b>	<b>23,269,404</b>
<b>Other expenses</b>										
97300	Housing assistance payments	20,487,267	—	—	—	—	—	20,487,267	—	20,487,267
97350	HAP portability in	437,698	—	—	—	—	—	437,698	—	437,698
97400	Depreciation expense	—	—	544,645	—	1,182,530	—	1,727,175	—	1,727,175
90000	<b>Total expenses</b>	<b>22,746,732</b>	<b>68,721</b>	<b>2,617,539</b>	<b>—</b>	<b>6,102,964</b>	<b>—</b>	<b>31,535,956</b>	<b>464</b>	<b>31,536,420</b>
<b>Other financing sources (uses)</b>										
10093	Tfirs between program and project-in	—	—	1,004,993	—	165,448	(1,170,441)	—	—	—
10094	Tfirs between program and project-out	—	—	(165,448)	(1,004,993)	—	1,170,441	—	—	—
10100	<b>Total other financing sources (uses)</b>	<b>—</b>	<b>—</b>	<b>839,545</b>	<b>(1,004,993)</b>	<b>165,448</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
10000	<b>Excess (deficiency) of total revenue over (under) total expenses</b>	<b>\$ (97,143)</b>	<b>—</b>	<b>(219,645)</b>	<b>(469,575)</b>	<b>1,403,627</b>	<b>—</b>	<b>617,264</b>	<b>—</b>	<b>617,264</b>
<b>Memo Account Information</b>										
11020	Required annual debt principal payments	\$ —	—	—	—	550,020	—	550,020	—	550,020
11030	Beginning equity (deficit)	\$ 312,832	—	7,421,717	469,575	(4,520,673)	—	3,683,451	—	3,683,451
11170	Administrative fee equity	\$ 193,892	—	—	—	—	—	193,892	—	193,892
11180	Housing assistance payments equity	\$ 21,797	—	—	—	—	—	21,797	—	21,797
11190	Unit months available	33,526	—	2,916	—	7,524	—	43,966	—	43,966
11210	Unit months leased	31,236	—	2,899	—	7,413	—	41,548	—	41,548
11620	Buildings and building improvements	\$ —	—	80,937	36,794	—	—	117,731	—	117,731
11640	Furniture and equipment - admin purch	\$ —	—	12,557	60,000	—	—	72,557	—	72,557

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.

# Actual Modernization Cost Certificate

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

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

## Capital Fund Program (CFP)

**Public reporting burden** for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

**Do not send this form to the above address.**

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

<b>PHA Name:</b> Housing Authority of Washington County (OR022)	<b>Modernization Project Number:</b> OR16P0220114
--	--

The PHA hereby certifies to the Department of Housing and Urban Development as follows:

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

A. Funds Approved	\$ 471,938
B. Funds Disbursed	\$ 471,938
C. Funds Expended (Actual Modernization Cost)	\$ 471,938
D. Amount to be Recaptured (A-C)	\$
E. Excess of Funds Disbursed (B-C)	\$

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

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

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

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

6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.

7. Please mark one:

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

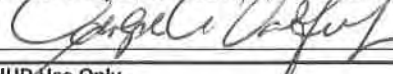
I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

**Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

**Name & Title of Authorized Signatory (type or print clearly):**

Adolph A. Valfre, Jr. Executive Director

**Signature of Executive Director (or Authorized Designee):**

X 

**Date:**

January 11, 2016

**For HUD Use Only**

**The Cost Certificate is approved for audit (if box 7A is marked):**

Approved for Audit (Director, Office of Public Housing)

X 

**Date:**

1/29/16

**The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):**

Approved: (Director, Office of Public Housing)

X

**Date:**

form HUD-53001 (10/96)  
ref Handbooks 7485.1 &.3

REC'D HAWC-DHS

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**The Housing Authority of Washington County  
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments  
For the year ended June 30, 2016**

**Owner Assumed Financial Responsibility for FASSUB Purpose**

**PART I - SUPPLEMENTAL SCHEDULES WITH FINANCIAL DATA**

**BALANCE SHEET DATA**

**Assets**

1120	Cash-Operations	14,764
1130	Tenant Receivables	5,603
1130N	Net Tenant Accounts Receivable	5,603
1140	Accounts Receivable - Operations	-
1200	Prepaid Expenses	-
1100T	Total Current Assets	20,367
1191	Tenant Deposits Held in Trust	38,531
1310	Escrow Deposits	23,494
1320	Replacement Reserve	271,632
1340	Residual Receipts Reserve	41,688
1300T	Total Deposits	336,814
1410	Land	41,617
1420	Buildings	903,664
1440	Building Equipment	-
1450	Furniture	-
1400T	Total Fixed Assets	945,281
1495	Accumulated Depreciation	(114,435)
1400N	Total Fixed Assets	830,846
1000T	Total Assets	1,226,558

**Liabilities**

2110	Accounts Payable-Operations	1,482
2130	Accrued Interest Payable - Section 236	-
2131	Accrued Interest Payable - First Mortgage	7,172
2170	Mortgage Payable (Short Term)	29,198
2190	Miscellaneous Current Liabilities	-
2210	Prepaid Revenue (Tenant Rent)	1
2122T	Total Current Liabilities	37,853
2191	Tenant Deposits Held in Trust	38,531
2320	Mortgage Payable	2,029,647
2300T	Total Long Term Liabilities	2,029,647
2000T	Total Liabilities	2,106,031
3131	Unrestricted Net Assets	11,712
3132	Temporarily Restricted Net Assets	(891,185)
3130	Total Net Assets	(879,473)
2033T	Total Liabilities and Net Assets	1,226,558

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 32 to page 35, 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 the year ended June 30, 2016**

**Owner Assumed Financial Responsibility for FASSUB Purpose**

<b>PROFIT &amp; LOSS DATA</b>		
5120	Rent Revenue - Gross Potential	500,200
5121	Tenant Assistance Payments	20,709
5194	Retained Excess Income	-
5100T	Total Rent Revenue	520,909
5220	Vacancies-Apartments	14,426
5200T	Total Vacancies	14,426
5152N	Net Rental Revenue	506,483
5410	Financial Revenue - Project Operations	5,317
5430	Revenue from Investments - Residual Receipts	-
5440	Revenue from Investments - Replacement Reserve	-
5400T	Total Financial Revenue	5,317
5910	Laundry and Vending Revenue	8,473
5920	Tenant Charges	5,186
5945	Interest Reduction Payments	-
5900T	Total Other Revenue	13,659
5000T	Total Revenue	525,459
6210	Advertising and Marketing	105
6311	Office Expenses	10,959
6320	Management Fee	16,786
6330	Manager or Superintendent Salaries	61,959
6340	Legal Expense - Project	2,041
6350	Audit Expense	1,500
6370	Bad Debts	13,472
6390	Miscellaneous Administrative Expenses	10,124
6263T	Total Administrative Expenses	116,946
6450	Electricity	10,974
6451	Water	14,032
6453	Sewer	33,708
6400T	Total Utilities Expense	58,714
6510	Operating & Maintenance Payroll	38,336
6515	Operating & Maintenance Supplies	13,836
6520	Operating & Maintenance Contracts	92,367
6525	Operating & Maintenance Garbage and Trash Removal	23,028
6590	Micellaneous Operating & Maintenance Expenses	638
6500T	Total Operating & Maintenance Expenses	168,205
6710	Real Estate Taxes	-
6711	Payroll Taxes (Project's Share)	11,001
6720	Property & Liability Insurance (Hazard)	5,933
6722	Workmen's Compensation	5,039
6700T	Total Taxes and Insurance	21,973
6820	Interest on First Mortgage Payable	86,698
6850	Mortgage Insurance	14,396
6890	Miscellaneous Financial Expenses	-
6800T	Total Financial Expenses	101,094
6000T	Total Cost of Operations before Depreciation	466,932
5060T	Profit (loss) before Depreciation	58,527
6600	Depreciation Expense	50,561
5060N	Operating Profit or (Loss)	7,966
7105	Entity Revenue	-
7190	Other Expenses	851,908
7100T	Net Entity Expense	851,908
3247	Change in Unrestricted Net Assets from Operations	(36,175)
3248	Change in Temporarily Restricted Assets from Operations	(807,767)
3250	Change in Total Net Assets from Operations	(843,942)
S1000-010	Total First Mortgage Principal Payments	28,005
S1000-020	Total Reserve for Replacement Deposits	36,000

**The Housing Authority of Washington County  
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments  
For the year ended June 30, 2016**

**Owner Assumed Financial Responsibility for FASSUB Purpose**

**EQUITY DATA**

S1100-060	Previous Year Unrestricted Net Assets	47,887
3247	Change in Unrestricted Net Assets from Operations	(36,175)
S1100-065	Other Changes in Unrestricted Net Assets	
3131	Unrestricted Net Assets	11,712
S1100-070	Previous Year Temporarily Restricted Net Assets	(83,418)
3248	Change in Temporarily Restricted Net Assets	(807,767)
3132	Temporarily Restricted Net Assets	(891,185)
S1100-050	Previous Year Total Net Assets	(35,531)
3250	Change in Total Net Assets from Operations	(843,942)
S1100-055	Other Changes in Total Net Assets	-
3130	Total Net Assets	(879,473)

**CASH FLOW DATA**

**Cash Flow from Operating Activities**

S1200-010	Rental Receipts	539,513
S1200-020	Interest Receipts	5,317
S1200-030	Other Operating Receipts	13,659
S1200-040	Total Receipts	558,489

S1200-050	Administrative	(32,933)
S1200-070	Management Fee	(16,786)
S1200-090	Utilities	(58,714)
S1200-100	Salaries and Wages	(100,295)
S1200-110	Operating and Maintenance	(250,568)
S1200-140	Property Insurance	(5,933)
S1200-150	Miscellaneous Taxes and Insurance	(16,040)
S1200-160	Tenant Security Deposits	-
S1200-180	Interest on First Mortgage	(86,795)
S1200-210	Mortgage Insurance Premium (MIP)	(14,396)
S1200-230	Total Disbursements	(582,460)
S1200-240	Net Cash Provided by Operations	(23,971)

**Cash Flow from Investing Activities**

S1200-245	Net Deposits to the Mortgage Escrow account	1,065,239
S1200-250	Net Deposits to the Reserve for Replacement account	(36,066)
S1200-260	Net Deposit to the Residual Receipts account	-
S1200-330	Net Purchase of Fixed Assets	(121,782)
S1200-340	Other Investing Activities	(851,908)
S1200-350	Net Cash used in Investing Activities	55,483

**Cash Flow from Financing Activities**

S1200-360	Principal Payments - First Mortgage	(28,005)
S-1200-365	Proceeds From Mortgages, Loans, or Notes Payable	-
S1200-460	Net Cash used in Financing Activities	(28,005)
S1200-470	Net increase (decrease) in Cash and Cash Equivalents	3,507

**Cash and Cash Equivalents**

S1200-480	Beginning of Period Cash	11,257
S1200T	End of Period Cash	14,764

**Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities**

3250	Change in Total Net Assets from Operations	(843,942)
6600	Depreciation Expenses	50,561
S1200-490	Decrease (increase) in Tenant Accounts Receivable	33,036
S1200-520	Decrease (increase) in Prepaid Expenses	5,268
S1200-530	Decrease (increase) in Cash Restricted for Tenant Security Deposits	(5,217)
S1200-540	Decrease (increase) in Accounts Payable	(120,699)
S1200-570	Decrease (increase) in Accrued Interest Payable	(97)
S1200-580	Decrease (increase) in Tenant Security Deposits	5,217
S1200-590	Decrease (increase) in Prepaid Revenue (Tenant Rent)	(6)
	Other adjustments to reconcile net profit (loss) to Net Cash provided by (used in)	
S1200-600	Operating Activities	851,908
S1200-610	Net Cash Provided by (used in) Operating Activities	(23,971)



**The Housing Authority of Washington County  
Financial Assessment Subsystem - Multifamily Housing Submission for Aloha Park Apartments  
For the year ended June 30, 2016**

**Owner Assumed Financial Responsibility for FASSUB Purpose**

**PART II - SUPPLEMENTAL DATA**

**RESERVE ACCOUNTS DATA**

**Schedule of Reserve for Replacement**

1320P	Balance at Beginning of Year	235,566
1320DT	Total Monthly Deposits	36,000
1320ODT	Other Deposits	-
1320INT	Interest on Replacement Reserve Accounts	66
1320WT	Approved Withdrawals	-
1320	Balance at End of year, Confirmed by Mortgagee	271,632
1320R	Deposits Suspended or Waived Indicator (Yes/No)	No

**Schedule of Residual Receipts**

1340P	Balance at Beginning of Year	41,688
1340ODT	Other Deposits	-
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	53,295
S1300-040	Total Cash	53,295
S1300-050	Accrued Mortgage Interest Payable	7,172
S1300-075	Accounts Payable	1,482
2210	Prepaid Revenue	1
2191	Tenant Deposits Held in Trust	38,531
S1300-140	Total Current Obligations	47,186
S1300-150	Surplus Cash (Deficiency)	6,109
S1300-210	Deposit Due Residual Receipts	6,109

**Schedule of Changes in Fixed Asset Accounts**

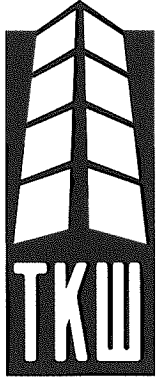
1410P	Beginning Balance for 1410	41,617
1410	Land	41,617
1420P	Beginning Balance for 1420	781,882
1420AT	Additions for 1420	121,782
1420	Buildings	903,664
1400PT	Total Beginning Balance for Fixed Assets	823,499
1400AT	Total Asset Additions	121,782
1400T	Total Fixed Assets	945,281
1495P	Beginning Balance for 1495	63,874
6600	Total Provisions	50,561
1495	Ending Balance for Accumulated Depreciation	114,435
1400N	Total Net Book Value	830,846

**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**

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**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, 2016, 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 13, 2016.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**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)**

**INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)**

We did identify a certain deficiency in internal control, as described below and in Washington County, Oregon's Federal Grant Programs reporting of the Schedule of Findings and Questioned Costs as finding number 2016-001, to be a significant deficiency.

When the Authority presented the original trial balance and financial statement reporting for the audit, the Authority did not originally record the 50% investment in a limited partnership as of and for the year ended June 30, 2016. As a result of the audit, the Authority did record the investment in the limited partnership in the amount of \$428,305 under the equity method.

**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*.

**AUTHORITY'S RESPONSE TO FINDINGS**

The Authority's response to the finding identified in our audit is described in Washington County, Oregon's Federal Grant Programs reporting of the Schedule of Findings and Questioned Costs as finding number 2016-001. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

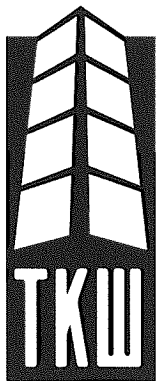
**PURPOSE OF THIS REPORT**

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, Harold F Warwick, LLP*

Lake Oswego, Oregon  
December 13, 2016

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## 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, 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, 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, 2016, and have issued our report thereon dated December 13, 2016.

### 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**

**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 on pages 38-39, as listed in the Table of Contents. A deficiency is reported within this report.

**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, Kenwood & Warwick, LLP*

Lake Oswego, Oregon  
December 13, 2016



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