

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

**Financial Statements
and Supplementary Information**

Year ended June 30, 2009

**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, 2009

<u>Name</u>	<u>Term Expires</u>
Tom Brian * Director	December 31, 2010
Andy Duyck * Director	December 31, 2013
Carol Gakin Director	December 31, 2011
Roy Rogers * Director	December 31, 2009
Dick Schouten * Director	December 31, 2012
Sydney Sherwood Director	December 31, 2011
Desari Strader * Director	December 31, 2011

* Directors also serve on the Washington County Board of Commissioners

Housing Authority Administrative Staff

Adolph A. Valfre, Jr., Ex Officio 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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INDEPENDENT AUDITOR'S REPORT

December 16, 2009

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

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239 3973

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We have audited the accompanying basic financial statements of the Housing Authority of Washington County (the Authority), a Component Unit of Washington County, Oregon, as of and for the year ended June 30, 2009, as listed in the Table of Contents. These financial statements are the responsibility of the Authority's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2009, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2009, on our consideration of the Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

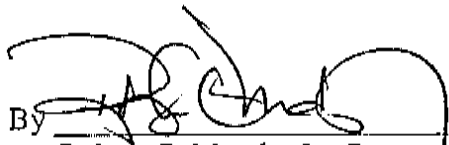
INDEPENDENT AUDITOR'S REPORT (Continued)

Housing Authority Board of Directors
Washington County Board of Commissioners
Housing Authority of Washington County
December 16, 2009
Page 2

Management's Discussion and Analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By 
Robert G. Moody, Jr., Partner

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, 2009. We encourage readers to consider information presented here in conjunction with the financial statements, which begin on page 9. All amounts in this Management's Discussion and Analysis, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights (Dollars in thousands)

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$11,456. However, the liabilities of the Authority include a book overdraft of \$5,328. This is due to a HUD notice requiring the reclassification of \$5,591 of proceeds from the sale of property from unrestricted to restricted cash. These proceeds reside in the same bank account cash pool as the overdraft, so the balance for the Authority as a whole is a positive amount. Proceeds of property sales are restricted by HUD for use on certain eligible costs. The expenditure of restricted funds for these costs allows the Authority to defer spending of unrestricted funds, which over time will allow for elimination of the book overdraft.
- The Authority's total net assets decreased by \$61.
- The Authority's total debt decreased by \$702 (2.2%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is 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 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 Assets* provides information about the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 Fund Net Assets* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets 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 9 through 20 of this report.

Authority Financial Analysis

Assets, Liabilities and Net Assets

The following provides a summary of the Authority's net assets for 2009 compared to 2008.

	Dollars in thousands		
	2009	2008	Change
Assets:			
Assets, excluding capital assets	\$ 15,859	10,315	5,544
Capital assets	34,093	35,139	(1,046)
Total assets	<u>49,952</u>	<u>45,454</u>	<u>4,498</u>
Liabilities:			
Other current and restricted liabilities	7,892	2,579	5,313
Long-term debt	30,604	31,358	(754)
Total liabilities	<u>38,496</u>	<u>33,937</u>	<u>4,559</u>
Net assets:			
Invested in capital assets, net of related debt	4,003	4,357	(354)
Restricted	10,228	4,328	5,900
Unrestricted	(2,775)	2,832	(5,607)
Total net assets	<u>\$ 11,456</u>	<u>11,517</u>	<u>(61)</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$11,456 at the close of the most recent fiscal year.

Assets increased by \$4,498 during FY 2009. Assets excluding capital assets increased \$5,544, due to the increase in restricted cash referred to above, but this increase was offset by a \$5,313 increase in liabilities from the resulting book overdraft of unrestricted cash. Capital assets decreased by \$1,046, due to disposals and depreciation expense in excess of acquisitions.

Liabilities increased by \$4,559, and other current and restricted liabilities increased \$5,313, due to the book overdraft referred to above. Long-term debt decreased by \$754 due to debt payments.

Thirty-five percent of the Authority's net assets (\$4,003) reflects investment in capital assets, primarily housing, less any related debt used to acquire those assets that is still outstanding. Eighty-nine percent of the Authority's net assets (\$10,228) consists of cash restricted by bond covenants for debt service and capital replacement, or restricted by HUD for future HAP payments or future expenditure of proceeds from property sales. These cash reserves are producing interest revenue. The deficit in unrestricted net assets of the Authority will decline as the proceeds from property sales are applied to eligible operating and capital expenditures.

The total net assets of the Authority decreased by \$61. Net assets invested in capital assets net of related debt decreased by \$354, due to property dispositions and depreciation in excess of acquisitions and debt service payments. Restricted net assets increased \$5,900 and unrestricted net assets decreased \$5,607, primarily due to the reclassification of proceeds from the sale of property from unrestricted to restricted, as explained above.

Changes in Net Assets

The following provides a summary of the Authority's change in net assets for 2009 compared to 2008:

Dollars in thousands			
	2009	2008	Change
Revenues:			
Intergovernmental revenues	\$ 20,141	19,801	340
Rental income	4,388	4,335	53
Other revenue	711	877	(166)
Total revenues	25,240	25,013	227
Expenses:			
Housing assistance payments	17,009	16,640	369
Other operating expenses	8,502	8,503	(1)
Non-operating expenses, net	1,613	1,640	(27)
Total expenses	27,124	26,783	341
Net loss before capital contributions and sale of assets	(1,884)	(1,770)	(114)
Gain on sale of assets	955	2,724	(1,769)
Capital contributions	868	771	97
Increase in net assets	(61)	1,725	(1,786)
Net assets, beginning of year	11,517	9,792	1,725
Net assets, end of year	\$ 11,456	11,517	(61)

Total revenues increased by \$227, or 0.9% from the previous year. Intergovernmental revenues increased \$340, primarily due to increased Housing Choice Voucher and Low Rent Public Housing receipts. Rental income increased \$53 due to higher occupancy and higher rents from the Authority's non-subsidized rental housing. Other revenue decreased \$166 due primarily to lower conduit bond management fees offset by increased tenant charges.

Total expenses increased by \$341, or 1.2%. Housing Assistance Payments increased by \$369, due to increased lease-ups. Other operating expenses were flat due to increased operating efficiencies offsetting pay increases. Non-operating expenses decreased \$27 due to decreased interest revenue offset by decreased interest expense.

The gain on sale of assets resulted from the disposal on the open market of seven Public Housing single-family dwellings. Proceeds from the sales are used to fund operating and capital expenditures for other Authority properties.

Capital contributions increased \$97, due to increased Capital Fund receipts for modernization of public housing stock.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2009, the Authority's capital assets were \$34,093 (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, and office equipment.

The Authority invested \$1,015 in capital improvements, primarily funded by the Capital Improvement Program. The Authority disposed of \$249 (net of accumulated depreciation) of capital assets. Additional detail may be found on page 16 in the Notes to Basic Financial Statements.

Debt

At the end of the current fiscal year, the Authority had total debt outstanding of \$31,341. Of this amount, \$28,515 consisted of housing revenue bonds, \$1,951 of notes secured by properties purchased using the proceeds of the notes and bonds, \$73 of notes secured by mortgages, and \$802 in unsecured debt to Washington County. Additional detail may be found on pages 17-19 in the Notes to Basic Financial Statements.

Budget Information

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

Future Events that will Financially Impact the Authority

The Authority's financial health has been negatively impacted in recent years by a flat local rental market. The Authority continues to carry out its responsibilities to the community by taking advantage of opportunities to provide the community with additional affordable housing choices, while taking steps to ensure its financial viability. To this end, the Authority is engaged in the sale of some of its public housing stock to provide funds for operation and capital improvement of its other housing stock, and has refinanced its bond debt subsequent to the reporting period for this report. Additional detail may be found in Note 9 on page 20 of the Notes to Basic Financial Statements.

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 97214-3082, (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 Assets

June 30, 2009

Assets

Current assets:

Unrestricted cash and cash equivalents	\$ 1,617,066
Restricted cash and cash equivalents	1,737,004
Accounts receivable, net	887,854
Current portion of contracts receivable	2,294
Other current assets	25,547
Total current assets	4,269,765

Non-current assets:

Restricted cash and cash equivalents	10,486,862
Contracts receivable	445,343
Bond issuance costs, net	656,616
Capital assets, non-depreciable	8,375,547
Capital assets, depreciable, net	25,717,947
Total non-current assets	45,682,315

Total assets	\$ 49,952,080
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Liabilities

Current liabilities:

Book overdraft	\$ 5,328,185
Accounts payable	295,863
Deferred revenue	18,898
Accrued interest payable - notes payable	37,112
Current portion of notes and contracts payable	474,807

Current liabilities payable from restricted assets:

Tenant and other deposits	608,490
Accrued interest payable - bonds payable	866,219
Current portion of bonds payable	262,296

Total current liabilities payable from restricted assets	1,737,005
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Total current liabilities	7,891,870
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Non-current liabilities:

Bonds payable	28,252,853
Notes and contracts payable	2,351,319

Total non-current liabilities	30,604,172
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Total liabilities	38,496,042
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Net Assets

Invested in capital assets, net of related debt	4,002,979
Restricted	10,228,160
Unrestricted	(2,775,101)

Total net assets	11,456,038
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Total liabilities and net assets	\$ 49,952,080
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See accompanying notes to basic financial statements.

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

Statement of Revenues, Expenses and Changes in Fund Net Assets

For the year ended June 30, 2009

Operating revenue:	
Intergovernmental revenues	\$ 20,140,566
Rental income	4,387,726
Other	711,330
Total operating revenue	<u>25,239,622</u>
Operating expense:	
Housing assistance payments	17,009,168
Repairs and maintenance	2,118,969
Administrative costs	3,762,263
Utilities	440,412
Depreciation	1,812,181
Other	366,912
Total operating expense	<u>25,509,905</u>
Operating loss	<u>(270,283)</u>
Non-operating revenue (expense):	
Gain on sale of assets	954,852
Interest on investments	297,882
Interest and amortization	(1,910,530)
Total non-operating revenue (expense)	<u>(657,796)</u>
Loss before capital contributions	(928,079)
Capital contributions	867,529
Decrease in net assets	<u>(60,550)</u>
Net assets, beginning of year	<u>11,516,588</u>
Net assets, end of year	<u>\$ 11,456,038</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, 2009

Cash flows from operating activities:	
Cash received for services provided	\$ 25,146,669
Cash payments for labor and benefits	(3,502,469)
Cash payments for goods and services	<u>(20,178,952)</u>
Net cash flows from operating activities	<u>1,465,248</u>
Cash flows from capital and related financing activities:	
Capital contributions	867,529
Acquisition of capital assets	(1,015,388)
Proceeds from the sale of capital assets	1,203,645
Decrease in contracts receivable	44,094
Current maturities and principal payments of notes payable	(439,698)
Current maturities and principal payments of bonds payable	(285,000)
Interest paid on bonds and notes payable	<u>(1,865,488)</u>
Net cash flows from capital and related financing activities	<u>(1,490,306)</u>
Cash flows from investing activities:	
Interest on investments	<u>297,882</u>
Net increase in cash and cash equivalents	272,824
Cash and cash equivalents at beginning of year	<u>8,239,923</u>
Cash and cash equivalents at end of year (1)	<u>\$ 8,512,747</u>
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	\$ (270,283)
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Depreciation	1,812,181
Changes in assets and liabilities:	
Increase in accounts receivable, net	(107,835)
Decrease in other current assets	90,387
Decrease in accounts payable	(31,424)
Decrease in deposits	(27,218)
Decrease in deferred revenue	<u>(560)</u>
Net cash flows from operating activities	<u>\$ 1,465,248</u>
(1) Cash and cash equivalents are reflected on the Statement of Net Assets as follows:	
Current assets - unrestricted	\$ 1,617,066
Current liabilities - book overdraft	\$ (5,328,185)
Current assets - restricted	1,737,004
Noncurrent assets - restricted	<u>10,486,862</u>
	<u>\$ 8,512,747</u>

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

June 30, 2009

(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.

Measurement Focus and Basis of Accounting

The Authority's financial statements are prepared on the flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included in the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. 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.

The Authority has applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. No FASB Statements and Interpretations issued after November 30, 1989 have been applied as allowed by GASB Statement No. 20.

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 Assets

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.

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

Notes to Basic Financial Statements

June 30, 2009

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, net of an allowance for doubtful accounts of approximately \$9,000.

Other Current Assets

Other current assets consist of supplies inventory and prepaid expenses.

Restricted Assets, Liabilities, and Net Assets

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 Assets.

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 Fund Net Assets.

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

Notes to Basic Financial Statements

June 30, 2009

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

Buildings	30 years
Site improvements	15 years
Office equipment	7 years
Vehicles	5 years
Computer hardware	5 years
Computer software	3 years

Contracts Receivable

The Authority holds three second mortgages and two third mortgages for low-income home purchasers in the amount of \$94,669. The Authority is owed \$352,968 in developer's fees in connection with private activity bonds issued for the construction of housing projects.

The Authority also holds two second mortgages for low-income home purchasers in the amount of \$101,250 each, which are not reflected in the Statement of Net Assets, 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.

Deferred Revenue

Deferred revenue represents primarily prepaid rent received from tenants.

Bonds Payable

Discounts on revenue bonds are amortized using the straight-line method, which approximates the effective interest method, over the life of the respective debt instruments. Bonds payable are reported net of the applicable bond discount.

Original Issue Cost and Deferred Refunding Costs

Original issue and deferred refunding costs on revenue bonds are amortized using the straight-line method, which approximates the effective interest method, over the life of the respective debt instruments.

Vested Compensated Absences and Sick Pay

The Authority's personnel are exclusively contracted Washington County employees. Accordingly, the liability of vested compensated absences and sick pay is recorded by the County.

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

Notes to Basic Financial Statements

June 30, 2009

(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, 2009 maintained by the Authority was \$36,130, 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, 2009 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. The Authority also maintains restricted cash in reserves with the Bank of New York as Trustee for future debt service on outstanding revenue bonds and capital replacement for the revenue bond properties.

At June 30, 2009, the Authority's cash and cash equivalents are comprised of the following:

Deposits with financial institutions	\$ 36,130
Deposits with Washington County Investment Pool	4,305,203
Deposits with trustees	<u>4,171,414</u>
Total cash and cash equivalents	<u>\$ 8,512,747</u>

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

**THE HOUSING AUTHORITY OF
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Notes to Basic Financial Statements

June 30, 2009

Unrestricted:		
Unrestricted cash and cash equivalents	\$	1,617,066
Book overdraft		<u>(5,328,185)</u>
Total unrestricted		<u>(3,711,119)</u>
Restricted for:		
Housing Choice Voucher unspent housing assistance payments		2,954,915
Proceeds and interest from Public Housing property sales		5,590,710
Affordable housing reserves		3,031,852
Kaybern Terrace reserve		36,130
Tenant and other deposits		608,489
Retainage in escrow		<u>1,770</u>
Total restricted		<u>12,223,866</u>
Total cash and cash equivalents	\$	<u>8,512,747</u>

The book overdraft for unrestricted cash arose due to a directive from the Department of Housing and Urban Development (HUD), dated August 17, 2009, requiring the restriction of the proceeds from Public Housing property sales until such time as they are expended. These funds will be expended over the course of the next four to seven years, for expenditures that otherwise would be funded from property rental revenues, resulting in a restoration of the overdrawn funds as the balance of the proceeds declines.

(3) Capital Assets

Capital asset activity is as follows:

	Balance July 1, 2008	Additions	Disposals	Transfers	Balance June 30, 2009
Capital assets not being depreciated:					
Land	\$ 8,039,349	—	(151,951)	—	7,887,398
Construction in progress	386,491	833,678	—	(732,020)	488,149
Total capital assets not being depreciated	8,425,840	833,678	(151,951)	(732,020)	8,375,547
Capital assets being depreciated:					
Buildings	43,746,620	151,108	(481,822)	732,020	44,147,926
Office equipment	226,551	—	(112,906)	—	113,645
Vehicles	313,222	30,602	(24,666)	—	319,158
Total capital assets being depreciated	44,286,393	181,710	(619,394)	732,020	44,580,729
Less accumulated depreciation for:					
Buildings	(17,231,248)	(1,757,690)	384,980		(18,603,958)
Office equipment	(135,920)	(32,791)	112,906	—	(55,805)
Vehicles	(205,985)	(21,700)	24,666	—	(203,019)
Total accumulated depreciation	(17,573,153)	(1,812,181)	522,552	—	(18,862,782)
Total capital assets being depreciated, net	26,713,240	(1,630,471)	(96,842)	732,020	25,717,947
Total capital assets, net	\$ 35,139,080	(796,793)	(248,793)	-	34,093,494

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

Notes to Basic Financial Statements

June 30, 2009

(4) Long-term Debt

Bonds Payable

The Authority has issued revenue bonds for the purpose of acquiring and rehabilitating low-income housing. These bonds are special limited obligations of the Authority payable solely from the Trust Estate and do not constitute a debt of the County, the State of Oregon, or any political subdivision thereof. The Trust Estate consists of net revenues, all rights of the Trustee under the Deeds of Trust, all cash and investments of the funds and accounts (except the Rebate Fund), all available revenues of the Authority that are paid to the Trustee, and all other rights or property specifically transferred to the Trustee by the Authority. The bonds are not general obligations of the Authority and are not secured by taxing power. Available revenues other than those paid to the Trustee are not part of the Trust Estate.

The bond indenture agreement requires the Authority to maintain a sinking fund to provide for the annual payment of debt service equal to the maximum annual debt service for any one year. Debt service covenants require the Authority to meet a Debt Coverage Ratio Requirement of 1.2 to 1 in each fiscal year, but corrective action is not required if the Debt Coverage Ratio is 1.1 to 1 or higher. The Authority's Debt Coverage Ratio was below 1.1 to 1 for the year ended June 30, 2009.

The Authority did not meet its required debt coverage ratio of 1.1. The bond indenture agreement states that the failure of the Authority to achieve the coverage ratio shall not constitute a default. However, the Authority shall take corrective action by employing a housing consultant to review and analyze the Authority's operations of the projects funded by debt. The housing consultant, within 90 days after appointment, shall make written recommendations as to revisions of methods of operations to the Authority and Bond Trustee. The Authority has complied with these requirements and, in accordance with the recommendations of the housing consultant, is refinancing the portfolio. See Note 9 on page 20.

Changes in face value of bonds payable are as follows:

Issue Date	Original Amount	Interest Rates	Outstanding July 1, 2008	Matured And Redeemed	Outstanding June 30, 2009
June 30, 1999	\$ 15,960,000	4.4 – 6.125%	\$ 14,445,000	(25,000)	14,420,000
August 13, 2001	8,440,000	4.25 – 6.0%	7,920,000	(130,000)	7,790,000
November 19, 2001	1,560,000	4.5 – 5.875%	1,415,000	(30,000)	1,385,000
June 26, 2002	5,950,000	2.25-6.125%	5,500,000	(100,000)	5,400,000
			<u>29,280,000</u>	<u>(285,000)</u>	<u>28,995,000</u>
Bond discount – current portion			(22,704)	—	(22,704)
Bond discount – long term portion			(479,851)	22,704	(457,147)
			<u>\$ 29,777,445</u>	<u>(262,296)</u>	<u>28,515,149</u>

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

Notes to Basic Financial Statements

June 30, 2009

Future maturities of bond principal and interest are as follows:

<u>Fiscal year ending June 30,</u>	<u>Revenue bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 285,000	1,725,444
2011	435,000	1,707,326
2012	765,000	1,675,620
2013	805,000	1,632,207
2014	850,000	1,584,473
2015-2019	5,060,000	7,079,444
2020-2024	6,750,000	5,329,229
2025-2029	9,060,000	2,954,604
2030-2034	4,985,000	505,948
	<u>28,995,000</u>	<u>24,194,295</u>
Bond discount	(479,851)	—
	<u>\$ 28,515,149</u>	<u>24,194,295</u>

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

Current maturities – face value	\$ 285,000
Less unamortized bond discount	(22,704)
	<u>\$ 262,296</u>
Non-current maturities – face value	\$ 28,710,000
Less unamortized bond discount	(457,147)
	<u>\$ 28,252,853</u>

Notes and Contracts Payable

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

<u>Notes</u>	<u>Interest Rates</u>	<u>Outstanding July 1, 2008</u>	<u>Decrease</u>	<u>Outstanding June 30, 2009</u>
Farmer's Home Administration	9 to 9.5%	\$ 343,975	(2,219)	341,756
State of Oregon notes	0 to 8.97%	866,115	(360,827)	505,288
HOME contracts	3.0%	1,177,447		1,177,447
Washington County	4.6%	878,287	(76,652)	801,635
		<u>\$ 3,265,824</u>	<u>(439,698)</u>	<u>2,826,126</u>

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

Notes to Basic Financial Statements

June 30, 2009

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

Fiscal year ending June 30,	Notes and Contracts Payable	
	Principal	Interest
2010	\$ 474,807	106,117
2011	141,131	86,325
2012	99,224	83,134
2013	101,710	80,648
2014	104,303	78,053
2015-2019	1,028,741	299,303
2020-2024	111,367	210,894
2025-2029	561,298	187,451
2030-2034	98,309	75,439
2035-2038	105,236	33,764
	\$ 2,826,126	1,241,128

Under terms with the State of Oregon, a certain portion of the notes (\$36,754) is paid by the State as long as the Authority operates the facilities as low-income housing for persons with developmental disabilities. Amounts paid by the State of Oregon for this loan have been recorded as intergovernmental revenue.

(5) Transactions with Related Parties

The Authority paid Washington County approximately \$700,000 for administrative and maintenance costs. In addition, the Authority paid Washington County approximately \$2,976,000 for salaries and benefits for contracted employees.

(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, 2009 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 within the Washington County self-insurance plan. 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.

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

Notes to Basic Financial Statements

June 30, 2009

As of June 30, 2009, there were eight series of multi-family Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$30,776,000.

(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.

(9) Subsequent events

The Authority is in the process of selling of forty public housing properties. These properties are single-family dwellings, and have HUD approval to be sold, with the proceeds to be used for other housing purposes. As of June 30, 2009, thirty-seven properties had been sold. The three remaining properties have been sold subsequent to fiscal year end.

On November 5, 2009, Washington County issued new bonds to defease and retire the entire bond portfolio of the Housing Authority, in return for an agreement by the Housing Authority to provide funds for the debt service of the new issue. This arrangement will result in debt service payment reductions exceeding \$500,000 per year.

SUPPLEMENTARY INFORMATION

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY**
(A Component Unit of Washington County, Oregon)
Financial Data Schedule
June 30, 2009

Assets	Disaster Vouchers	Housing Choice Vouchers	Low Rent Public Housing	Central Office Cust. Center	Elimination Entries	Business Activities	Total
Current assets							
Cash							
Unrestricted	\$ 3,001	4,614	1,601,376	8,075			1,617,066
Other restricted		2,954,915	5,590,710			1,941,237	10,486,862
Tenant security deposits			45,290			2,84,613	279,903
Restricted for payment of current liabilities		291,290	7,297			1,158,514	1,457,101
Total cash	3,001	3,250,819	7,244,673	8,075		3,334,360	13,840,932
Receivables							
Accounts receivable - HUD other projects	8,939	158,941	196,450			11,419	375,749
Accounts receivable - miscellaneous		39,094	88,338	3,411		287,253	418,096
Accounts receivable tenants dwelling rents			52,100			80,882	102,982
Allowance for doubtful accounts - dwelling rents			(8,290)			(683)	(8,973)
Notes, loans and mortgages receivable - current						2,294	2,294
Total receivables net of allowances for doubtful accounts	8,939	198,035	328,598	3,411		351,165	890,148
Prepaid expenses and other assets			616			19,931	20,547
Inventories			10,000				10,000
Inventories - reserve for obsolescence			(5,000)				(5,000)
Interprogram due from			170,000		(170,000)		-
Total current assets	11,940	3,448,854	7,748,887	11,486	(170,000)	3,705,460	14,756,627
Non-current assets							
Capital assets							
Land			3,687,864			4,199,534	7,887,398
Buildings			14,654,662			29,493,264	44,147,926
Furniture, equipment and machinery - administration			335,889	96,914			432,803
Accumulated depreciation			(10,036,436)	(64,917)		(8,761,389)	(18,862,782)
Construction in progress			432,661			55,488	488,149
Total capital assets, net			9,074,630	31,967		24,986,897	34,093,494
Notes, loans and mortgages receivable non-current						445,343	445,343
Other assets - bond issuance costs						656,616	656,616
Total non-current assets			9,074,630	31,967		26,088,856	35,195,453
Total assets	\$ 11,940	3,448,854	16,823,517	43,453	(170,000)	29,794,316	49,952,080
Liabilities and net assets							
Liabilities							
Current liabilities							
Bank overdraft	\$ 11,904	27,677	222,887	11,303		5,328,185	5,328,185
Accounts payable						23,092	295,863
Accrued interest payable						903,331	903,331
Tenant security deposits			45,290			2,84,613	279,903
Deferred revenues			10,473			8,425	18,898
Current portion of long-term debt, capital projects						737,103	737,103
Other current liabilities		291,290	7,297			30,000	328,587
Interprogram due to			(170,000)		(170,000)		-
Total current liabilities	11,904	488,967	285,947	11,303	(170,000)	7,263,749	7,891,870
Non-current liabilities							
Long-term debt, capital projects						30,531,025	30,531,025
Loan liability						73,147	73,147
Total non-current liabilities						30,604,172	30,604,172
Total liabilities	11,904	488,967	285,947	11,303	(170,000)	37,867,921	38,496,042
Net assets (deficit):							
Invested in capital assets, net of related debt			9,074,630	31,967		(5,103,618)	4,002,979
Restricted		2,984,915	5,590,710			1,682,835	10,228,160
Unrestricted	36	4,972	1,872,230	183		(4,652,522)	(2,775,101)
Total net assets (deficit)	36	2,959,887	16,537,570	32,150		(8,073,605)	11,456,038
Total liabilities and net assets	\$ 11,940	3,448,854	16,823,517	43,453	(170,000)	29,794,316	49,952,080

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, 2009

Revenues and expenses	Disaster Vouchers	Housing Choice Vouchers	Low Rent Public Housing	Central Office Cost Center	Elimination Entries	Business Activities	Total
Revenues							
Net tenant rental revenue	\$		369,622			4,018,103	4,387,726
Tenant revenue - other			80,387			706,842	787,239
HUD PHA operating grants	2,854	18,856,642	1,200,672				20,060,168
Capital grants			867,529				867,529
Management fee				726,680	(726,680)		
Asset management fee				94,790	(94,790)		
Bookkeeping fee				270,590	(270,590)		
Front line service fee				955,949	(955,949)		
Other government grants						80,398	80,398
Investment income - unrestricted	119		55,767			51,616	107,502
Mortgage interest income						12,328	12,328
Fraud recovery		9,231					9,231
Other revenue		44,135	4,825			365,910	414,870
Gain on sale of assets			984,739	113			984,852
Investment income - restricted		77,410	100,642				178,052
Total revenues	2,973	18,987,418	3,634,183	2,048,122	(2,048,009)	4,735,198	27,359,885
Operating expenses							
Administrative salaries	705	590,286	111,814	780,744		429,423	1,912,972
Auditing fees		8,659	1,664	14,574		2,248	27,145
Management fee	96	360,456	203,119		(726,680)	276,917	114,908
Bookkeeping fee	60	225,285	21,441		(270,590)	23,804	
Advertising and marketing		372	669	1,177		9,059	11,277
Employee benefit contributions	317	264,447	52,136	326,364		138,013	781,277
Office expenses		12,375	2,449	18,636		40,198	73,658
Legal expenses		1,275	3,217	2,878		26,316	33,786
Travel expenses		1,804	8,374	1,740		4,985	16,903
Other operating	85	491,014	62,246	392,665	(281,710)	127,079	791,337
Asset management fee			29,870		(94,790)	64,920	
Tenant services - relocation costs			1,125				1,125
Water			17,006			73,509	90,515
Electricity			8,958			71,079	80,037
Sewer			4,093			34,252	38,345
Gas			29,205			200,206	229,411
Other utility expense			1,960			144	2,104
Labor				411,636		214,696	626,332
Materials and other			101,578	6,351		107,873	215,802
Contract costs		929	584,077	96,236	(674,239)	1,030,809	1,047,812
Employee benefit contributions - ordinary maintenance				186,585		42,313	228,898
Property insurance			28,654			84,047	111,700
Liability insurance		5,539	3,428			7,302	16,269
Other insurance				12,973			12,973
Other general expenses		45,356				61,920	107,276
Payments in lieu of taxes			30,981				30,981
Rodent - tenant rents			33,341			54,372	87,713
Interest on bonds payable						1,732,438	1,732,438
Interest on notes payable						125,052	125,052
Amortization of bond issue costs						53,040	53,040
Total operating expenses	1,233	2,007,797	1,341,394	2,252,557	(2,048,009)	5,044,114	8,599,086
Excess (deficiency) of operating revenue over operating expenses	1,740	16,979,621	2,292,789	(204,435)	-	(308,916)	18,760,799
Other expenses							
Housing assistance payments	1,740	17,002,334					17,004,074
HAP portability in		5,094					5,094
Depreciation expense			690,321	39,268		1,082,592	1,812,181
Total expenses	2,973	19,015,225	2,031,715	2,291,825	(2,048,009)	6,126,706	27,420,435
Other financing sources (uses)							
Operating transfers in		265,000		180,000		733,000	1,178,000
Operating transfers out						(1,178,000)	(1,178,000)
Inter-project excess cash transfer in							
Inter-project excess cash transfer out							
Trfs between program and project in			1,389,858				1,389,858
Trfs between program and project-out						(1,389,858)	(1,389,858)
Total other financing sources (uses)		265,000	1,389,858	180,000		(1,834,858)	
Excess (deficiency) of operating revenue over expenses	\$	237,193	2,992,326	(63,703)		(3,226,366)	(60,550)
Memo Account Information							
Required annual debt principal payments	\$					724,698	724,698
Beginning equity (deficit)	\$	36	2,722,694	13,545,244	95,853	(4,847,239)	11,516,588
Administrative fee equity	\$		4,972				-4,972
Housing assistance payments equity	\$		2,954,915				2,954,915
Unit months available	8	31,226	2,928			6,492	40,654
Number of unit months leased	8	30,039	2,864			6,216	39,097
Land and land improvements	\$		44,985				44,985
Buildings and building improvements	\$		811,659				811,659
Furniture and equipment - dwelling purchases	\$		10,885				10,885

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 - Public Housing Program Detail
June 30, 2009

Assets	AMP1	AMP2	Low Rent Public Housing
Current assets			
Cash			
Unrestricted	\$ 1,601,376		1,601,376
Other restricted	5,590,710		5,590,710
Tenant security deposits	45,290		45,290
Restricted for payment of current liabilities	7,297		7,297
Total cash	7,244,673		7,244,673
Receivables			
Accounts receivable - HUD other projects	196,450		196,450
Accounts receivable - miscellaneous	88,338		88,338
Accounts receivable tenants dwelling rents	52,100		52,100
Allowance for doubtful accounts - dwelling rents	(8,290)		(8,290)
Total receivables net of allowances for doubtful accounts	328,598		328,598
Prepaid expenses and other assets			
Inventories	616		616
Inventories - reserve for obsolescence	10,000		10,000
Interprogram due from	(5,000)		(5,000)
Total interprogram due from	170,000		170,000
Total current assets	7,748,887		7,748,887
Non-current assets			
Capital assets			
Land	3,687,864		3,687,864
Buildings	14,654,662		14,654,662
Furniture, equipment and machinery administration	335,889		335,889
Accumulated depreciation	(10,036,346)		(10,036,346)
Construction in progress	432,661		432,661
Total capital assets, net	9,074,630		9,074,630
Total non-current assets	9,074,630		9,074,630
Total assets	\$ 16,823,517		16,823,517
Liabilities and net assets			
Liabilities			
Current liabilities			
Accounts payable	\$ 222,887		222,887
Tenant security deposits	45,290		45,290
Deferred revenues	10,473		10,473
Other current liabilities	7,297		7,297
Total current liabilities	285,947		285,947
Total liabilities	285,947		285,947
Net assets			
Invested in capital assets, net of related debt	9,074,630		9,074,630
Restricted	5,590,710		5,590,710
Unrestricted	1,872,230		1,872,230
Total net assets	16,537,570		16,537,570
Total liabilities and net assets	\$ 16,823,517		16,823,517

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**
Financial Data Schedule
For the year ended June 30, 2009

Revenues and Expenses	AMP1 Op Sub	AMP1 Cap Fund	AMP1 Total	AMP2 Op Sub	AMP2 Cap Fund	AMP2 Total	Low Rent Public Housing
Revenues							
Net tenant rental revenue	\$ 198,748		198,748	170,874		170,874	369,622
Tenant revenue - other	31,891		31,891	48,496		48,496	80,387
HUD PHA Operating Grants	495,420	115,016	610,436	490,053	100,183	590,236	1,200,672
Capital grants		433,498	433,498		434,031	434,031	867,529
Investment income - unrestricted	13,082		13,082	42,685		42,685	55,767
Other revenue	576		576	4,249		4,249	4,825
Gain on sale of assets	954,739		954,739				954,739
Investment income - restricted	100,642		100,642				100,642
Total revenue	1,795,098	548,514	2,343,612	756,357	534,214	1,290,571	3,634,483
Operating Expenses							
Administrative salaries	52,225	302	52,527	58,985	302	59,287	111,814
Auditing fees	776		776	888		888	1,664
Management fees	73,991	30,409	104,400	68,310	30,409	98,719	203,119
Bookkeeping fee	9,973		9,973	11,468		11,468	21,441
Advertising and marketing	335		335	344		344	669
Employee benefit contributions	24,349	143	24,492	27,501	143	27,644	52,136
Office expenses	1,386	10	1,396	1,243	10	1,253	2,449
Legal expenses	1,251		1,251	1,966		1,966	3,217
Travel expenses	374	3,778	4,152	441	3,778	4,222	8,374
Other operating	27,505	2,495	29,900	29,941	2,395	32,336	62,236
Asset management fee	14,030		14,030	15,840		15,840	29,870
Tenant services relocation costs		1,125	1,125				1,125
Water	169		169	16,847		16,847	17,006
Electricity	661		661	8,297		8,297	8,958
Gas	458		458	3,635		3,635	4,093
Sewer	653		653	28,552		28,552	29,205
Other utility expense	1,960		1,960				1,960
Materials and other	54,678		54,678	46,900		46,900	101,578
Contract costs	188,817	76,854	265,671	255,241	63,165	318,406	584,077
Property insurance	16,898		16,898	11,755		11,755	28,653
Liability insurance	1,647		1,647	1,781		1,781	3,428
Payments in lieu of taxes	19,485		19,485	11,496		11,496	30,981
Bad debt - tenant rents	6,923		6,923	26,418		26,418	33,341
Total operating expenses	498,344	115,016	613,360	627,832	100,202	728,034	1,341,394
Excess of operating revenue over operating expenses	1,296,754	433,498	1,730,252	128,525	434,012	562,537	2,292,789
Other expenses							
Depreciation expense	393,096		393,096	297,225		297,225	690,321
Total expenses	891,440	115,016	1,006,456	925,057	100,202	1,025,259	2,031,715
Other financing sources (uses)							
Operating transfers in							
Operating transfers in							
Inter-project excess cash transfer in							
Inter-project excess cash transfer out							
Transfers in-program to project	1,389,858		1,389,858				1,389,858
Transfers out-program to project							
Total other financing sources (uses)	1,389,858		1,389,858				1,389,858
Excess (deficiency) of operating revenue over expenses	\$ 2,293,516	433,498	2,727,014	(168,700)	434,012	265,312	2,992,326
Memorandum Account Information							
Beginning equity (deficit)	\$		8,200,140			5,315,104	13,515,244
Equity Transfers			5,610,416			(5,610,416)	
Unit months available	1,474		1,474	1,454		1,454	2,928
Number of unit months leased	1,470		1,470	1,374		1,374	2,844
Land and land improvements	\$	27,033	27,033		17,952	17,952	44,985
Buildings and building improvements	\$	399,833	399,833		411,826	411,826	811,659
Furniture and equipment - dwelling purchases	\$	6,632	6,632		4,253	4,253	10,885

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 - Business Activity Data
June 30, 2009

Assets	Affordable Housing Fund							Total Business Activities
	FmHA	All Other	Holly Tree	Tarkington	Other Properties	Not Discrete	Total	
Current assets								
Cash								
Unrestricted	\$							
Other restricted	36,130	100	82,077	189,545		1,633,385	1,905,007	1,911,237
Tenant security deposits	1,160		40,026	12,822	180,605		233,453	234,613
Restricted for payment of current liabilities		30,000				1,128,514	1,128,514	1,158,514
Total cash	37,290	30,100	122,103	202,367	180,605	2,761,899	3,266,974	3,334,364
Receivables								
Accounts receivable - HUD other projects		8,553			2,866		2,866	11,419
Accounts receivable - miscellaneous	211	83,917	1,238	857	201,030		203,125	287,253
Accounts receivable - tenants - dwelling rent	3,667		10,727	1,979	34,509		47,215	50,882
Allowance for doubtful accounts - dwelling rent	(683)							(683)
Notes, loans and mortgages receivable - current		2,294						2,294
Total receivables, net of allowances for doubtful accounts	3,195	91,761	11,965	2,836	238,405		253,206	351,165
Prepaid expenses and other assets			3,259	3,479	13,193		19,931	19,931
Total current assets	40,485	124,861	137,327	208,682	432,203	2,761,899	3,540,111	3,705,460
Non-current assets								
Capital assets								
Land	50,000	54,305	1,120,306	408,000	2,566,823		4,095,129	4,199,534
Building	383,870	233,526	8,592,464	2,227,296	18,056,108		28,875,868	29,193,264
Accumulated depreciation	(284,203)	(115,902)	(2,831,699)	(588,432)	(4,941,153)		(8,361,284)	(8,761,389)
Construction in progress						55,488	55,488	55,488
Total capital assets, net	149,667	172,029	6,881,071	2,046,864	15,681,778	55,488	24,665,201	24,986,897
Notes, loans and mortgages receivable non-current		445,343						445,343
Other assets - bond issuance costs						656,616	656,616	656,616
Total non-current assets	149,667	617,372	6,881,071	2,046,864	15,681,778	712,104	25,321,817	26,088,856
Total assets	\$ 190,152	742,236	7,018,398	2,255,546	16,113,981	3,474,003	28,861,928	29,794,316
Liabilities and net assets								
Liabilities								
Current liabilities								
Bank overdraft	\$ 179,893	(1,288,639)				6,436,931	6,436,931	5,328,185
Accounts payable	1,186	7,844			13,067		13,067	77,092
Accrued interest payable	2,791	2,050	900	468	30,993	866,219	898,580	903,331
Tenant security deposits	1,160		40,026	12,822	180,605		233,453	234,613
Deferred revenues	1,156		1,148	557	5,564		7,269	8,425
Current portion of long-term debt, capital projects	2,439	7,375	279,235	101,023	84,635	262,296	727,189	737,103
Other current liabilities		30,000						30,000
Total current liabilities	188,535	(1,241,270)	321,309	114,870	314,859	7,565,446	8,316,484	7,263,749
Non-current liabilities								
Long-term debt, capital projects	339,317	73,263		44,292	1,821,300	28,252,853	30,118,345	30,531,025
Loan liability		73,147						73,147
Total non-current liabilities	339,317	146,410		44,292	1,821,300	28,252,853	30,118,345	30,604,172
Total liabilities	527,852	(1,094,860)	321,309	159,162	2,136,159	35,818,299	38,434,929	37,867,921
Net assets (deficit)								
Invested in capital assets, net of related debt	(192,090)	91,291					(5,092,819)	(5,103,618)
Restricted	36,130	100					1,646,305	1,682,535
Unrestricted	(181,740)	1,745,705					(6,216,487)	(4,652,522)
Total net assets (deficit)	(337,700)	1,837,096					(9,573,001)	(8,073,605)
Total liabilities and net assets	\$ 190,152	742,236					28,861,928	29,794,316

The Oregon Department of Housing and Community Services requires the submission of certain financial data for the Holly Tree and Tarkington property developments. This Financial Data Schedule is prepared for the sole purpose of compliance with this requirement, and is consistent with accounting principles generally accepted in the United States of America, using a format consistent with the preceding R/FAC financial data schedule.

Balance sheet accounts are maintained by fund. Only discrete balances are reported by property on this schedule. Balances of accounts attributable to the entire fund are reported in the column labeled "not discrete."

**THE HOUSING AUTHORITY OF
WASHINGTON COUNTY
(A Component Unit of Washington County, Oregon)**
Financial Data Schedule - Business Activity Detail
For the year ended June 30, 2009

Revenues and Expenses	Affordable Housing Fund						Total Business Activities
	EnHA	All Other	Holly Tree	Tarkington	Other Properties	Total	
Revenues							
Net tenant rental revenue	\$ 57,473	13,862	1,207,482	415,779	2,323,508	3,946,769	4,018,104
Tenant revenue - other	245	70,880	1,362	824	133,431	135,717	206,842
Other government grants	23,386	42,616			14,196	14,196	80,398
Investment income - unrestricted	(4,352)	48,558	49,513	12,540	(54,643)	7,410	51,616
Mortgage interest income		12,328					12,328
Other revenue	504	303,929	6,363	3,001	52,113	61,477	365,910
Total revenues	77,156	492,173	1,264,820	432,144	2,468,905	4,165,869	4,735,198
Operating expenses							
Administrative salaries	4,797	91,279	61,086	42,254	230,007	333,419	429,423
Auditing fees	84	1,110	472	388	194	1,054	2,248
Management fee	5,852	2,680	74,181	25,173	169,041	268,885	276,917
Bookkeeping fee	982	450	12,446	4,227	5,699	22,372	23,804
Advertising and marketing					9,059	9,059	9,059
Employee benefit contributions	2,319	39,105	21,968	17,076	57,625	96,669	138,013
Office expenses	52	686	8,280	7,151	24,029	39,460	40,198
Legal expenses		11,304	40	45	15,027	15,112	26,416
Travel expenses		1,109	351	460	3,165	3,876	4,985
Other operating	4,558	24,316	28,407	15,648	54,150	98,205	127,079
Asset management fee	1,440	600	16,800	5,760	40,320	62,880	64,920
Water	3,809	56	13,161	2,404	54,088	69,653	73,509
Electricity	992	96	22,894	12,564	34,533	69,991	71,079
Gas		719			33,533	33,533	34,253
Sewer	3,477	270	46,767	12,909	136,783	196,459	200,206
Other utility expense					134	134	134
Labor			30,558	13,876	169,262	213,696	213,696
Materials and other	6,321	3,296	20,850	14,659	62,747	98,286	107,873
Contract costs	26,694	7,622	114,708	65,207	826,578	1,006,493	1,040,809
Employee benefit contributions			7,776	4,756	29,781	42,313	42,313
Property insurance	403	384	18,780	7,349	56,341	83,260	83,047
Liability insurance	162	67	1,889	648	4,536	7,073	7,302
Other general expenses		61,919			1	1	61,920
Bad debt - tenant rents	696	(252)	(1,968)	(1,349)	57,245	53,928	54,372
Interest on bonds payable					1,732,438	1,732,438	1,732,438
Interest on notes payable	32,513	7,377	79,721	13,964	41,477	85,162	125,053
Amortization of bond issue costs					53,040	53,040	53,040
Total operating expenses	95,062	254,193	529,067	265,059	3,900,733	4,694,859	5,044,114
Excess (deficiency) of operating revenue over operating expenses	(17,906)	237,980	735,753	167,085	(1,431,828)	(528,990)	(308,916)
Other expenses							
Depreciation expense	13,478	8,432	301,263	78,078	681,444	1,060,782	1,082,592
Total expenses	108,540	262,525	830,330	343,134	4,582,177	5,755,641	6,126,706
Other financing sources (uses)							
Operating transfers in		733,000					733,000
Operating transfers out		(445,000)			(733,000)	(733,000)	(1,178,000)
Flts between program and project in							
Flts between program and project out					(1,389,858)	(1,389,858)	(1,389,858)
Total other financing sources (uses)		288,000			(2,122,858)	(2,122,858)	(1,834,858)
Excess (deficiency) of operating revenue over expenses	\$ (31,384)	517,648	434,490	89,010	(4,236,130)	(3,712,630)	(3,226,366)

The Oregon Department of Housing and Community Services requires the submission of certain financial data for the Holly Tree and Tarkington property developments. This Financial Data Schedule is prepared for the sole purpose of compliance with this requirement, and is consistent with accounting principles generally accepted in the United States of America, using a format consistent with the preceding REAC financial data schedule.

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

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

December 16, 2009

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

We have audited the basic financial statements of the Housing Authority of Washington County (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 16, 2009. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Page 2

INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

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 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*.

* * * * *

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



Certified Public Accountants

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

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AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

December 16, 2009

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

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We have audited the basic financial statements of the Housing Authority of Washington County (the Authority), a component unit of Washington County, Oregon, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Minimum Standards for Audits of Oregon Municipal Corporations*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our report relating to internal control over financial reporting is contained on pages 31 and 32 of this report.

ADEQUACY OF ACCOUNTING RECORDS

The Authority's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

COLLATERAL

The Authority has complied with Oregon Revised Statutes (ORS) 295 in relation to deposit accounts.

INVESTMENTS

Public funds appear to be invested in compliance with ORS 294.

INDEBTEDNESS

We noted no default in principal, interest, sinking fund, or redemption provisions with respect to any of the Authority's liabilities. We noted a breach of bond covenant requirements for the year ended June 30, 2009, as discussed in Note 4 to the basic financial statements.

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

Page 2

BUDGET

The Authority is not required to prepare annual budgets in accordance with Oregon Local Budget Law (ORS 294.305 to 294.520).

INSURANCE AND FIDELITY BONDS

We have reviewed the Authority's legally required insurance and fidelity bond coverage at June 30, 2009. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering the Authority-owned property at June 30, 2009.

PUBLIC CONTRACTS AND PURCHASING

The Authority's procedures for awarding public contracts were reviewed and found to be in accordance with ORS 279.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed the Authority's compliance with appropriate laws, rules, and regulations that could have material impact on the basic financial statements for programs funded wholly or partially by other governmental agencies. The Authority is in compliance with the guidelines in all material respects.

FINANCIAL REPORTING REQUIREMENTS

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

HIGHWAY FUNDS

The Authority does not receive revenue from taxes on motor vehicle fuel; therefore, compliance with the legal requirement pertaining to highway funds is not applicable to the Authority.

STATE SCHOOL FUND

The Authority does not receive revenue from the State School Fund; therefore, compliance with the legal requirement pertaining to the State School Fund is not applicable to the Authority.

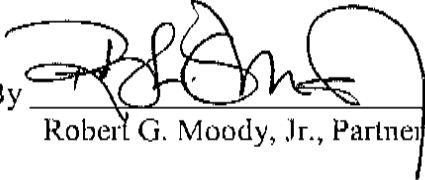
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**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS (Continued)**

Page 3

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

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By  _____
Robert G. Moody, Jr., Partner

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