

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

**Financial Statements  
and Supplementary Information**

**Year ended June 30, 2007**

**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, 2007

<u>Name</u>	<u>Term Expires</u>
Tom Brian * Director	December 31, 2010
Andy Duyck * Director	December 31, 2008
Carol Gakin Director	December 31, 2011
Roy Rogers * Director	December 31, 2008
Dick Schouten * Director	December 31, 2007
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

Susan A. Wilson, Ex Officio Executive Director

Washington County Administrative Staff

Robert Davis, County Administrator

Wayne Lowry, Chief Finance Officer

Susan A. Wilson, Director, Department of Housing Services

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**THE HOUSING AUTHORITY OF  
WASHINGTON COUNTY**

**(A Component Unit of Washington County, Oregon)**

**Table of Contents**

	<b>Page</b>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets	9
Statement of Revenues, Expenses and Changes in Fund Net Assets	10
Statement of Cash Flows	11
Notes to Basic Financial Statements	12
Supplementary Information:	
Financial Data Schedules	23
Debt Service Coverage Ratio	27
Audit Comments and Disclosures Required by State Regulations	29

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## INDEPENDENT AUDITOR'S REPORT

January 16, 2008

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

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, 2007, 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 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, 2007, 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 January 16, 2008, 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.

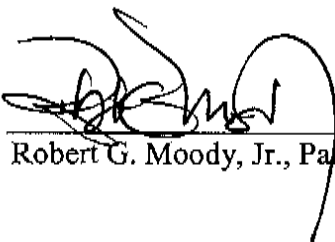
**INDEPENDENT AUDITOR'S REPORT (continued)**

Housing Authority Board of Directors  
Washington County Board of Commissioners  
January 16, 2008  
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, 2007. 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 \$9,791. Of this amount, \$3,300 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net assets increased by \$1,014.
- The Authority's total debt decreased by \$979 (2.9%) 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 19 of this report.

## Authority Financial Analysis

### *Assets, Liabilities and Net Assets*

The following provides a summary of the Authority's net assets for 2007 compared to 2006:

	<b>Dollars in thousands</b>		
	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Assets:</b>			
Assets, excluding capital assets	\$ 8,269	6,934	1,335
Capital assets	36,061	37,618	(1,557)
Total assets	<u>44,330</u>	<u>44,552</u>	<u>(222)</u>
<b>Liabilities:</b>			
Current and restricted liabilities	2,492	3,044	(552)
Long-term debt	32,047	32,731	(684)
Total liabilities	<u>34,539</u>	<u>35,775</u>	<u>(1,236)</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	4,826	5,569	(743)
Restricted	1,665	1,657	8
Unrestricted	3,300	1,551	1,749
Total net assets	<u>\$ 9,791</u>	<u>8,777</u>	<u>1,014</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 \$9,791 at the close of the most recent fiscal year.

Total assets decreased by \$222 during FY 2007. Assets, excluding capital assets, increased \$1,335, primarily due to increased cash from the disposal of fourteen Public Housing single-family dwellings. Capital assets decreased by \$1,557, due to disposals and depreciation expense in excess of acquisitions.

Liabilities decreased by \$1,236. Current and restricted liabilities decreased by \$552, due to a reduction in both accounts payable and upcoming debt maturities. Long-term debt decreased by \$684 due to debt payments.

Forty-nine percent of the Authority's net assets (\$4,826) reflects its investment in capital assets, primarily housing, less any related debt used to acquire those assets that is still outstanding. Seventeen percent of the Authority's net assets (\$1,665) consists of cash reserves required by bond covenants for debt service and capital replacement. These cash reserves are producing interest revenue, which contributes to the payment of bonded debt. The unrestricted net assets of the Authority are available for future use to provide program services and the remaining debt service.

The total net assets of the Authority increased by \$1,014 during the current fiscal year. Net assets invested in capital assets net of related debt decreased by \$743, due to property dispositions and depreciation in excess of acquisitions and debt service payments. The unrestricted net assets of the

Authority increased by \$1,750, due to profit from the sale of real property.

***Changes in Net Assets***

The following provides a summary of the Authority's change in net assets for 2007 compared to 2006:

<b>Dollars in thousands</b>			
	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 18,920	19,203	(283)
Rental income	4,295	4,201	94
Other revenue	1,003	858	145
<b>Total revenues</b>	<b>24,218</b>	<b>24,262</b>	<b>(44)</b>
<b>Expenses:</b>			
Housing assistance payments	16,078	14,993	1,085
Other operating expenses	7,928	7,602	326
Non-operating expenses, net	1,750	1,785	(35)
<b>Total expenses</b>	<b>25,756</b>	<b>24,380</b>	<b>1,376</b>
Net loss before capital contributions and sale of assets	(1,538)	(118)	(1,420)
Gain on sale of assets	2,347	—	2,347
Capital contributions	205	593	(388)
<b>Increase in net assets</b>	<b>1,014</b>	<b>475</b>	<b>539</b>
Net assets, beginning of year	8,777	8,302	475
<b>Net assets, end of year</b>	<b>\$ 9,791</b>	<b>8,777</b>	<b>1,014</b>

Total revenues decreased by \$44, or 0.2% from the previous year. Intergovernmental revenues decreased \$283, primarily due to reductions in Housing Choice Voucher receipts of \$304. Rental income increased \$94 from higher occupancy and higher rents from the Authority's non-subsidized rental housing. Other revenue increased \$145 due to increased charges to tenants of \$345, offset by reductions in Family Self Sufficiency recaptures.

Total expenses increased by \$1,376, or 5.6%. Housing Assistance Payments increased by \$1,085, due to increased lease-ups. Other operating expenses increased \$326 due to increased administrative and maintenance costs. Non-operating expenses decreased \$35 due to increased interest revenue and decreased interest expense.

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

Capital contributions decreased by \$388, due to decreased Capital Fund activity.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

As of June 30, 2007, the Authority's capital assets were \$36,061 (net of accumulated depreciation). Capital assets include land, buildings, improvements, vehicles, and office equipment.

The Authority invested \$733 in capital improvements, primarily funded by the Capital Improvement Program, CDBG grants, and energy rebates. The Authority disposed of \$558 (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 \$32,732. Of this amount, \$29,015 consists of housing revenue bonds, \$2,652 of notes secured by properties purchased using the proceeds of the notes and bonds, \$130 of notes secured by mortgages, and \$935 in unsecured debt to Washington County. Additional detail may be found on pages 16-18 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. 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 is evaluating other methods for enhancing its current asset position.

## **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, 2007

**Assets**

Current assets:

Unrestricted cash and cash equivalents	\$ 2,007,144
Restricted cash and cash equivalents	1,702,143
Accounts receivable, net	1,001,117
Current portion of contracts receivable	235,078
Other current assets	50,944
Total current assets	4,996,426

Non-current assets:

Restricted cash and cash equivalents	2,077,708
Contracts receivable	478,356
Bond issuance costs, net	717,288
Capital assets, non-depreciable	9,040,237
Capital assets, depreciable, net	27,020,474
Total non-current assets	39,334,063

Total assets	\$ <u><u>44,330,489</u></u>
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**Liabilities**

Current liabilities:

Accounts payable	\$ 268,180
Deferred revenue	34,825
Accrued interest payable - notes payable	39,322
Current portion of notes and contracts payable	447,450

Current liabilities payable from restricted assets:

Tenant and other deposits	585,758
Accrued interest payable - bonds payable	879,088
Current portion of bonds payable	237,296

Total current liabilities payable from restricted assets	1,702,142
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Total current liabilities	2,491,919
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Non-current liabilities:

Bonds payable	28,777,445
Contracts and notes payable	3,269,635

Total non-current liabilities	32,047,080
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Total liabilities	34,538,999
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**Net Assets**

Invested in capital assets, net of related debt	4,825,697
Restricted	1,665,021
Unrestricted	3,300,772

Total net assets	9,791,490
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Total liabilities and net assets	\$ <u><u>44,330,489</u></u>
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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, 2007

Operating revenue:	
Intergovernmental revenues	\$ 18,919,775
Rental income	4,295,189
Other	1,003,305
Total operating revenue	24,218,269
Operating expense:	
Housing assistance payments	16,077,904
Repairs and maintenance	2,074,721
Administrative costs	3,427,021
Utilities	406,586
Depreciation and amortization	1,784,612
Other	235,105
Total operating expense	24,005,949
Operating income	212,320
Non-operating revenue (expense):	
Gain on sale of assets	2,347,095
Interest on investments	210,497
Interest expense	(1,960,640)
Total non-operating revenue	596,952
Income before capital contributions	809,272
Capital contributions	204,834
Increase in net assets	1,014,106
Net assets, beginning of year	8,777,384
Net assets, end of year	\$ 9,791,490

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, 2007

Cash flows from operating activities:	
Cash received for services provided	\$ 23,501,187
Cash payments for labor and benefits	(3,028,425)
Cash payments for goods and services	<u>(19,389,149)</u>
Net cash flows from operating activities	<u>1,083,613</u>
Cash flows from capital and related financing activities:	
Capital contributions	204,834
Acquisition of capital assets	(733,029)
Sale of capital assets	2,905,391
Decrease in contracts receivable	133,548
Current maturities and principal payments of notes payable	(771,309)
Current maturities and principal payments of bonds payable	(230,000)
Interest paid on bonds and notes payable	<u>(1,968,964)</u>
Net cash flows from capital and related financing activities	<u>(459,529)</u>
Cash flows from investing activities:	
Interest on investments	<u>210,497</u>
Net increase in cash and cash equivalents	834,581
Cash and cash equivalents at beginning of year	<u>4,952,414</u>
Cash and cash equivalents at end of year (1)	<u>\$ 5,786,995</u>
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 212,320
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation and amortization	1,784,612
Changes in assets and liabilities:	
Increase in accounts receivable, net	(666,728)
Decrease in other current assets	2,255
Decrease in accounts payable	(274,650)
Increase in deposits	76,160
Decrease in deferred revenue	<u>(50,356)</u>
Net cash flows from operating activities	<u>\$ 1,083,613</u>
(1) Cash and cash equivalents are reflected on the Statement of Net Assets as follows:	
Current assets - unrestricted	\$ 2,007,144
Current assets - restricted	1,702,143
Noncurrent assets - restricted	<u>2,077,708</u>
	<u>\$ 5,786,995</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, 2007

**(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, 2007

***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.

***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, 2007

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 four second mortgages for low-income home purchasers in the amount of \$118,184. The Authority is owed \$595,250 in developer's fees in connection with private activity bonds issued for the construction of housing projects.

***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 is recorded by the County.

**(2) Cash and Cash Equivalents**

***Deposits with Financial Institutions***

The Authority's deposits with financial institutions are insured up to \$100,000 by the Federal Depository Insurance Corporation (FDIC). The bank balance as of June 30, 2007 maintained by the Authority was \$31,034, all of which was covered by FDIC.

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

Notes to Basic Financial Statements

June 30, 2007

***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 Comprehensive Annual Report for June 30, 2007 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, 2007, the Authority's cash and cash equivalents are comprised of the following:

Deposits with financial institutions	\$	31,034
Deposits with Washington County Investment Pool		1,472,446
Deposits with trustees		<u>4,283,515</u>
Total cash and cash equivalents	\$	<u>5,786,995</u>

Cash and cash equivalents are reflected on the statement of net assets as follows:

Unrestricted:		
Cash and cash equivalents	\$	<u>2,007,144</u>
Restricted for:		
Affordable housing reserves		3,159,381
Kaybern Terrace reserve		31,034
Tenant and other deposits		585,758
Retainage in escrow		<u>3,678</u>
Total restricted		<u>3,779,851</u>
Total cash and cash equivalents	\$	<u>5,786,995</u>

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

Notes to Basic Financial Statements

June 30, 2007

**(3) Capital Assets**

Capital asset activity is as follows:

	<b>Balance July 1, 2006</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Balance June 30, 2007</b>
Capital assets not being depreciated:					
Land	\$ 8,691,930	—	(284,182)	—	8,407,748
Construction in progress	480,400	301,592	—	(149,503)	632,489
Total capital assets not being depreciated	<u>9,172,330</u>	<u>301,592</u>	<u>(284,182)</u>	<u>(149,503)</u>	<u>9,040,237</u>
Capital assets being depreciated:					
Buildings	43,755,133	425,111	(918,530)	126,281	43,387,995
Office equipment	128,179	—	—	23,222	151,401
Vehicles	204,720	6,326	—	—	211,046
Total capital assets being depreciated	<u>44,088,032</u>	<u>431,437</u>	<u>(918,530)</u>	<u>149,503</u>	<u>43,750,442</u>
Less accumulated depreciation for:					
Buildings	(15,318,355)	(1,727,152)	644,416	—	(16,401,091)
Office equipment	(128,180)	—	—	—	(128,180)
Vehicles	(196,277)	(4,420)	—	—	(200,697)
Total accumulated depreciation	<u>(15,642,812)</u>	<u>(1,731,572)</u>	<u>644,416</u>	<u>—</u>	<u>(16,729,968)</u>
Total capital assets being depreciated, net	<u>28,445,220</u>	<u>(1,300,135)</u>	<u>(274,114)</u>	<u>149,503</u>	<u>27,020,474</u>
Total capital assets, net	<u>\$ 37,617,550</u>	<u>(998,543)</u>	<u>(558,296)</u>	<u>—</u>	<u>36,060,711</u>

**(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 above 1.14 to 1 for the year ended June 30, 2007.

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

Notes to Basic Financial Statements

June 30, 2007

Changes in face value of bonds payable are as follows:

Issue Date	Original Amount	Interest Rates	Outstanding July 1, 2006	Matured And Redeemed	Outstanding June 30, 2007
June 30, 1999	\$ 15,960,000	4.4 - 6.125%	\$ 14,480,000	(15,000)	14,465,000
August 13, 2001	8,440,000	4.25 - 6.0%	8,130,000	(95,000)	8,035,000
November 19, 2001	1,560,000	4.5 - 5.875%	1,470,000	(25,000)	1,445,000
June 26, 2002	5,950,000	2.25-6.125%	5,690,000	(95,000)	5,595,000
			<u>29,770,000</u>	<u>(230,000)</u>	<u>29,540,000</u>
Bond discount – current portion			(22,704)	—	(22,704)
Bond discount – long term portion			<u>(525,259)</u>	<u>22,704</u>	<u>(502,555)</u>
			<u>\$ 29,222,037</u>	<u>(207,296)</u>	<u>29,014,741</u>

Future maturities of bond principal and interest are as follows:

Fiscal year ending June 30,	Revenue bonds	
	Principal	Interest
2008	260,000	1,752,132
2009	285,000	1,739,263
2010	285,000	1,725,444
2011	435,000	1,707,326
2012	765,000	1,675,620
2013-2017	4,515,000	7,646,599
2018-2022	6,015,000	6,092,241
2023-2027	8,045,000	3,992,564
2028-2032	8,160,000	1,306,267
2033-2034	775,000	48,234
	<u>29,540,000</u>	<u>27,685,690</u>
Bond discount	<u>(525,259)</u>	—
	<u>\$ 29,014,741</u>	<u>27,685,690</u>

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

Current maturities – face value	\$ 260,000
Less unamortized bond discount	<u>(22,704)</u>
	<u>\$ 237,296</u>
Non-current maturities – face value	\$ 29,280,000
Less unamortized bond discount	<u>(502,555)</u>
	<u>\$ 28,777,445</u>

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

Notes to Basic Financial Statements

June 30, 2007

**Notes and Contracts Payable**

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

Notes	Interest Rates	Outstanding July 1, 2006	Decrease	Outstanding June 30, 2007
Farmer's Home Administration	9 to 9.5%	\$ 347,831	(1,837)	345,994
State of Oregon notes	0 to 8.97%	1,514,449	(312,530)	1,201,919
HOME contracts	3.0%	1,235,376	(1,535)	1,233,841
Washington County	5.0%	985,146	(49,815)	935,331
Washington County OCD	0%	405,592	(405,592)	—
		<u>\$ 4,488,394</u>	<u>(771,309)</u>	<u>3,717,085</u>

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

Fiscal year ending June 30,	Notes Payable	
	Principal	Interest
2008	\$ 447,450	174,867
2009	418,940	146,984
2010	1,216,376	132,062
2011	54,873	72,583
2012	11,313	71,045
2013-2017	674,518	328,884
2018-2022	111,293	221,995
2023-2027	50,744	198,005
2028-2032	581,383	122,366
2033-2037	130,524	43,225
2038	19,671	15,079
	<u>\$ 3,717,085</u>	<u>1,527,095</u>

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 \$702,000 for administrative and maintenance costs. In addition, the Authority paid Washington County approximately \$2,747,000 for salaries and benefits for contracted employees.

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

Notes to Basic Financial Statements

June 30, 2007

**(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, 2007 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.

As of June 30, 2007, there were sixteen series of multi-family Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$50,797,000.

**(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, 2007, fourteen properties had been sold. As of the date of this report, eleven additional properties had been sold.

The Authority also has HUD approval to sell up to forty public housing properties to Section 8 and Public Housing program participants, under a first-time homebuyer program. One such unit was sold after June 30, 2007, but prior to the date of this report.



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

Notes to Basic Financial Statements

June 30, 2007

On October 2, 2007, the Housing Authority Board of Directors authorized the Executive Director to work with bond counsel and a financial advisor to develop documents necessary to prepare a contingent loan agreement supporting the Authority's refinancing of its Affordable Housing portfolio, subject to approval of the Board.

**SUPPLEMENTARY INFORMATION**

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**THE HOUSING AUTHORITY OF  
WASHINGTON COUNTY**  
(A Component Unit of Washington County, Oregon)  
Financial Data Schedule  
June 30, 2007

Assets	Disaster Vouchers	Housing Choice Vouchers	Low Rent Public Housing	Public Housing Capital Fund	Business Activities	Total
<b>Current assets:</b>						
Cash:						
Unrestricted	\$	634,074	1,278,198		94,872	2,007,144
Restricted for payment of current liabilities	—	327,104	—	—	1,146,385	1,473,489
Other restricted					2,077,708	2,077,708
Tenant security deposits	—	—	46,053	—	182,601	228,654
Total cash		961,178	1,324,251		3,501,566	5,786,995
Receivables:						
Accounts receivable - HUD other projects	3,050	389,832		89,561	18,453	500,896
Accounts receivable - miscellaneous		1,003	228,827		190,625	420,455
Accounts receivable-tenants-dwelling rents	—	—	32,360	—	58,587	90,947
Allowance for doubtful accounts - dwelling rents			(6,910)		(4,271)	(11,181)
Notes, loans and mortgages receivable - current	—	—	—	—	235,078	235,078
Total receivables net of allowances for doubtful accounts	3,050	390,835	254,277	89,561	498,472	1,236,195
Prepaid expenses and other assets		3,294	19,212		23,438	45,944
Inventories			5,000		5,000	10,000
Inventories - reserve for obsolescence			(2,500)		(2,500)	(5,000)
Interprogram due from	—	1,363,050	2,127,868	—	—	3,490,918
Total current assets	3,050	2,718,357	3,728,108	89,561	4,025,976	10,565,052
<b>Non-current assets:</b>						
Fixed assets:						
Land			4,208,214		4,199,534	8,407,748
Buildings	—	—	14,815,359	—	28,572,636	43,387,995
Furniture, equipment and machinery - administration	—	79,283	249,681	—	33,483	362,447
Accumulated depreciation		(79,283)	(10,016,630)		(6,634,055)	(16,729,968)
Construction in progress	—	—	623,574	—	8,915	632,489
Total fixed assets, net	—	—	9,880,198	—	26,180,513	36,060,711
Notes, loans and mortgages receivable non-current					478,356	478,356
Other assets - bond issuance costs	—	—	—	—	717,288	717,288
Total non-current assets			9,880,198		27,376,157	37,256,355
Total assets	\$ 3,050	2,718,357	13,608,306	89,561	31,402,133	47,821,407
<b>Liabilities and Net Assets</b>						
<b>Current liabilities:</b>						
Accounts payable	\$	3,163	90,920	1,693	172,404	268,180
Accrued interest payable	—	—	—	—	918,410	918,410
Tenant security deposits			46,053		182,601	228,654
Deferred revenues	—	—	13,644	—	21,181	34,825
Current portion of long-term debt, capital projects					628,352	628,352
Loan liability, current					56,394	56,394
Other current liabilities		327,104			30,000	357,104
Interprogram due to	3,050			87,868	3,400,000	3,490,918
Total current liabilities	3,050	330,267	150,617	89,561	5,409,342	5,982,837
<b>Non-current liabilities:</b>						
Long-term debt, capital projects	—	—	—	—	31,973,933	31,973,933
Loan liability					73,147	73,147
Total non-current liabilities					32,047,080	32,047,080
Total liabilities	3,050	330,267	150,617	89,561	37,456,422	38,029,917
<b>Net assets (deficit):</b>						
Invested in capital assets, net of related debt			9,880,198	—	(5,054,501)	4,825,697
Restricted					1,665,021	1,665,021
Unrestricted		2,388,090	3,577,491		(2,664,809)	3,300,772
Total net assets (deficit)		2,388,090	13,457,689		(6,054,289)	9,791,490
Total liabilities and net assets	\$ 3,050	2,718,357	13,608,306	89,561	31,402,133	47,821,407

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 Detail

June 30, 2007

Assets	Affordable Housing Fund						Total Business Activities	
	FmHA	All Other	Holly Tree	Turkington	Other Properties	Not Discrete		Total
<b>Current assets:</b>								
Cash:								
Unrestricted	\$ (140,850)	4,069,150	—	—	—	(3,833,428)	(3,833,428)	94,872
Restricted for payment of current liabilities	—	30,000	—	—	—	1,116,385	1,116,385	1,146,385
Other restricted	31,034	100	103,309	194,950	—	1,748,315	2,046,574	2,077,708
Tenant security deposits	880	—	36,051	11,657	134,013	—	181,721	182,601
Total cash	<u>(108,936)</u>	<u>4,099,250</u>	<u>139,360</u>	<u>206,607</u>	<u>134,013</u>	<u>(968,728)</u>	<u>(488,748)</u>	<u>3,501,566</u>
Receivables:								
Accounts receivable - HUD other projects	—	11,615	—	—	6,838	—	6,838	18,453
Accounts receivable - miscellaneous	—	19,726	—	19,856	151,043	—	170,899	190,625
Accounts receivable - tenants -dwelling rents	1,065	(261)	8,475	12,082	37,226	—	57,783	58,587
Allowance for doubtful accounts - dwelling rents	(1,065)	—	(24)	—	(3,182)	—	(3,206)	(4,271)
Notes, loans and mortgages receivable - current	—	235,078	—	—	—	—	—	235,078
Total receivables, net of allowances for doubtful accounts	—	<u>266,158</u>	<u>8,451</u>	<u>31,938</u>	<u>191,925</u>	—	<u>232,314</u>	<u>498,472</u>
Prepaid expenses and other assets	359	293	—	—	—	22,786	22,786	23,438
Inventories	—	—	—	—	—	5,000	5,000	5,000
Inventories - reserve for obsolescence	—	—	—	—	—	(2,500)	(2,500)	(2,500)
Total current assets	<u>(108,577)</u>	<u>4,365,701</u>	<u>147,811</u>	<u>238,545</u>	<u>325,938</u>	<u>(943,442)</u>	<u>(231,148)</u>	<u>4,025,976</u>
<b>Non-current assets:</b>								
Fixed assets:								
Land	50,000	54,405	1,120,306	408,000	2,566,823	—	4,095,129	4,199,534
Buildings	383,870	195,265	8,374,009	2,210,557	17,408,935	—	27,993,501	28,572,636
Furniture, equipment and machinery - administration	800	24,296	—	—	—	8,387	8,387	33,483
Accumulated depreciation	(257,721)	(100,195)	(2,244,155)	(432,715)	(3,596,764)	(2,505)	(6,276,139)	(6,634,055)
Construction in progress	—	—	—	—	8,915	—	8,915	8,915
Total fixed assets, net	<u>176,949</u>	<u>173,771</u>	<u>7,250,160</u>	<u>2,185,842</u>	<u>16,387,909</u>	<u>5,882</u>	<u>25,829,793</u>	<u>26,180,513</u>
Notes, loans and mortgages receivable non-current	—	478,356	—	—	—	—	—	478,356
Other assets - bond issuance costs	—	—	—	—	—	717,288	717,288	717,288
Total non-current assets	<u>176,949</u>	<u>652,127</u>	<u>7,250,160</u>	<u>2,185,842</u>	<u>16,387,909</u>	<u>723,170</u>	<u>26,547,081</u>	<u>27,376,157</u>
Total assets	<u>\$ 68,372</u>	<u>5,017,828</u>	<u>7,397,971</u>	<u>2,424,387</u>	<u>16,713,847</u>	<u>(220,272)</u>	<u>26,315,933</u>	<u>31,402,133</u>
<b>Liabilities and Net Assets</b>								
<b>Current liabilities:</b>								
Accounts payable	\$ 3,647	97,024	18,082	3,594	50,057	—	71,733	172,404
Accrued interest payable	2,735	2,076	2,515	1,053	30,943	879,088	913,599	918,410
Tenant security deposits	880	—	36,051	11,657	134,013	—	181,721	182,601
Deferred revenues	1,489	90	1,077	6,539	11,986	—	19,602	21,181
Current portion of long-term debt, capital projects	2,019	6,730	241,649	87,425	53,233	237,296	619,603	628,352
Loan liability, current	—	56,394	—	—	—	—	—	56,394
Other current liabilities	—	30,000	—	—	—	—	—	30,000
Interprogram due to	—	3,400,000	—	—	—	—	—	3,400,000
Total current liabilities	<u>10,770</u>	<u>3,592,314</u>	<u>299,374</u>	<u>110,268</u>	<u>280,232</u>	<u>1,116,384</u>	<u>1,806,258</u>	<u>5,409,342</u>
<b>Non-current liabilities:</b>								
Long-term debt, capital projects	343,975	87,824	538,998	239,293	1,986,398	28,777,445	31,542,134	31,973,933
Loan liability	—	73,147	—	—	—	—	—	73,147
Total non-current liabilities	<u>343,975</u>	<u>160,971</u>	<u>538,998</u>	<u>239,293</u>	<u>1,986,398</u>	<u>28,777,445</u>	<u>31,542,134</u>	<u>32,047,080</u>
Total liabilities	<u>354,745</u>	<u>3,753,285</u>	<u>838,372</u>	<u>349,561</u>	<u>2,266,630</u>	<u>29,893,829</u>	<u>33,348,392</u>	<u>37,456,422</u>
<b>Net assets (deficit):</b>								
Invested in capital assets, net of related debt	(169,045)	79,216	—	—	—	—	(4,964,672)	(5,054,501)
Restricted	31,034	100	—	—	—	—	1,633,887	1,665,021
Unrestricted	(148,362)	1,185,227	—	—	—	—	(3,701,674)	(2,664,809)
Total net assets (deficit)	<u>(286,373)</u>	<u>1,264,543</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7,032,459)</u>	<u>(6,054,289)</u>
Total liabilities and net assets	<u>\$ 68,372</u>	<u>5,017,828</u>	<u>7,397,971</u>	<u>2,424,387</u>	<u>16,713,847</u>	<u>(220,272)</u>	<u>26,315,933</u>	<u>31,402,133</u>

The Oregon Department of Housing and Community Services requires the submission of certain financial data for the Holly Tree and Turkington 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.

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  
For the year ended June 30, 2007

Revenues and Expenses	Disaster Vouchers	Housing Choice Vouchers	Low Rent Public Housing	Public Housing Capital Fund	Business Activities	Total
<b>Revenues:</b>						
Net tenant rental revenue	\$	..	495,128	..	3,800,061	4,295,189
Tenant revenue - other	..	..	32,909	..	524,014	556,923
Total tenant revenue	..	..	528,037	..	4,324,075	4,852,112
<b>HUD PHA operating grants:</b>						
Housing assistance payments	15,300	16,350,713	..	..	..	16,366,013
Ongoing administrative fees	1,530	1,486,252	..	..	..	1,487,782
Other PHA operating grants	..	..	800,030	161,486	..	961,516
Total HUD PHA operating grants	16,830	17,836,965	800,030	161,486	..	18,815,311
<b>Capital grants</b>						
Other government grants	..	..	..	204,834	..	204,834
Investment income - unrestricted	88	121,500	63,975	..	104,464	104,464
Fraud recovery	..	3,527	..	..	24,934	210,497
Other revenue	..	35,634	2,940	..	404,281	442,855
Gain on sale of assets	..	..	2,347,095	..	..	2,347,095
Total revenue	16,918	17,997,626	3,742,077	366,320	4,857,754	26,980,695
<b>Expenses:</b>						
<b>Administrative:</b>						
Administrative salaries	775	568,185	95,434	45,244	1,027,000	1,736,638
Auditing fees	..	6,417	1,145	..	11,216	18,778
Outside management fees	..	..	..	..	80,335	80,335
Employee benefit contributions	349	256,426	46,894	20,963	404,855	729,487
Other operating	480	641,803	212,757	5,661	1,082	861,783
<b>Utilities:</b>						
Water	..	..	16,848	..	72,773	89,621
Electricity	..	..	7,476	..	61,170	68,646
Gas	..	..	4,019	..	28,630	32,649
Other utility expense	..	..	27,459	..	188,211	215,670
<b>Ordinary maintenance and operations:</b>						
Labor	..	..	..	..	397,803	397,803
Materials and other	..	..	74,774	..	212,193	286,967
Contract costs	..	7,408	750,578	89,618	377,850	1,225,454
Employee benefit contributions - ordinary maintenance	..	..	..	..	164,497	164,497
<b>General expenses:</b>						
Insurance premiums	..	5,641	25,522	..	40,760	71,923
Other general expenses	14	18,073	487	..	17,854	36,428
Payments in lieu of taxes	..	..	43,838	..	..	43,838
Bad debt - tenant rents	..	..	15,236	..	67,380	82,616
Bad debt - other	..	300	..	..	..	300
Interest expense	..	..	..	..	1,960,640	1,960,640
Total operating expenses	1,618	1,504,253	1,322,467	161,486	5,114,249	8,104,073
Excess (deficiency) of operating revenue over operating expenses	15,300	16,493,373	2,419,610	204,834	(256,495)	18,876,622
<b>Other expenses:</b>						
Housing assistance payments	15,300	16,062,604	..	..	..	16,077,904
Depreciation and amortization expense	..	..	710,790	..	1,073,822	1,784,612
Total expenses	16,918	17,566,857	2,033,257	161,486	6,188,071	25,966,589
<b>Other financing sources (uses):</b>						
Operating transfers in	..	..	..	..	371,952	371,952
Operating transfers out	..	..	(371,952)	..	..	(371,952)
Total other financing sources (uses)	..	..	(371,952)	..	371,952	..
Excess (deficiency) of operating revenue over expenses	\$	430,769	1,336,868	204,834	(958,365)	1,014,106
<b>Memo Account Information</b>						
Beginning equity (deficit)	\$	1,957,321	11,915,987	..	(5,095,924)	8,777,384
Equity transfers	..	..	204,834	(204,834)	..	..
Unit months available	15	30,828	3,381	..	6,492	40,716
Number of unit months leased	15	29,170	3,365	..	6,095	38,645
Administrative fee equity	\$	205,203	..	..	..	205,203
Housing assistance payments equity	..	2,182,887	..	..	..	2,182,887

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 Detail  
For the year ended June 30, 2007

Revenues and Expenses	Affordable Housing Fund					Total	Total Business Activities
	FmHA	All Other	Holly Tree	Turkington	Other Properties		
<b>Revenues:</b>							
Net tenant rental revenue	\$ 35,365	11,802	1,212,924	409,699	2,130,271	3,752,894	3,800,061
Tenant revenue - other	1,450	19,747	3,228	872	498,717	502,817	524,014
Total tenant revenue	36,815	31,549	1,216,152	410,571	2,628,988	4,255,711	4,324,075
Other government grants	36,843	53,536			14,085	14,085	104,464
Investment income - unrestricted	(5,666)	59,093	5,099	(1,980)	(31,612)	(28,493)	24,934
Other revenue	414	339,963	7,387	4,007	52,510	63,904	404,281
Total revenue	68,406	484,141	1,228,638	412,598	2,663,971	4,305,207	4,857,754
<b>Expenses:</b>							
<b>Administrative:</b>							
Administrative salaries	4,093	702,251	56,526	47,720	216,410	320,656	1,027,000
Auditing fees	56	9,396	694	525	545	1,764	11,216
Outside management fees					80,335	80,335	80,335
Employee benefit contributions	2,011	288,645	24,849	23,863	65,487	114,199	404,855
Other operating	9,354	(545,913)	134,323	57,237	346,081	537,641	1,082
<b>Utilities:</b>							
Water	2,708	34	14,403	3,044	52,584	70,031	72,773
Electricity	808	106	17,685	12,285	30,286	60,256	61,170
Gas		289			28,341	28,341	28,630
Other utility expense	3,635	249	42,759	13,275	128,293	184,327	188,211
<b>Ordinary maintenance and operation:</b>							
Labor		341,769			56,034	56,034	397,803
Materials and other	2,604	65,804	46,183	5,748	91,854	143,785	212,193
Contract costs	39,369	(883,937)	258,416	99,056	864,946	1,222,418	377,850
Employee benefit contributions - ordinary maintenance		145,663			18,834	18,834	164,497
<b>General expenses:</b>							
Insurance premiums	461	5,818	9,645	3,046	21,790	34,481	40,760
Other general expenses		17,854					17,854
Bad debt - tenant rents	4,485	606	2,456	649	59,184	62,289	67,380
Interest expense	32,899	9,799	583,377	160,439	1,174,126	1,917,942	1,960,640
Total operating expenses	102,483	158,433	1,191,316	426,887	3,235,130	4,853,333	5,114,249
Excess (deficiency) of operating revenue over operating expenses	(34,077)	325,708	37,322	(14,289)	(571,159)	(548,126)	(256,495)
<b>Other expenses:</b>							
Depreciation and amortization expense	13,516	7,402	300,198	80,197	672,509	1,052,904	1,073,822
Total expenses	115,999	165,835	1,491,514	507,084	3,907,639	5,906,237	6,188,071
<b>Other expenses:</b>							
Operating transfers in					371,952	371,952	371,952
Total expenses					371,952	371,952	371,952
Excess (deficiency) of operating revenue over expenses	\$ (47,593)	318,306	(262,876)	(94,486)	(871,716)	(1,229,078)	(958,365)

The Oregon Department of Housing and Community Services requires the submission of certain financial data for the Holly Tree and Turkington 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.

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

Debt Service Coverage Ratio

For the year ended June 30, 2007

Revenues:		
Rental and other income	\$	4,705,652
Expenses:		
Operating expenses		<u>2,134,044</u>
Net revenues	\$	<u>2,571,608</u>
Debt service on revenue bonds	\$	1,993,222
Debt service on note payable to State of Oregon		<u>398,564</u>
		2,391,786
Less interest earned on investments		(149,540)
Trustee fees		<u>10,100</u>
Net debt service	\$	<u>2,252,346</u>
Debt service coverage ratio		<u>1.14</u>



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

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**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**

January 16, 2008

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, 2007, and have issued our report thereon dated January 16, 2008. 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 Authority'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 Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

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 Authority's internal control.

Our consideration of the 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 the 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.

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

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of basic 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and are reported in the Washington County, Oregon, Federal Grant Programs Report for the year ended June 30, 2007.

**ADEQUACY OF ACCOUNTING RECORDS**

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

**ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES**

Oregon Revised Statutes Chapter 295 requires that each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25% of the certificates of participation issued by the pool manager for funds in excess of those insured by the Federal Deposit Insurance Corporation. Our review of adequacy of collateral securing depository balances indicated that the collateral was sufficient for the year ended June 30, 2007.

**INVESTMENTS**

Our review of deposit and investment balances indicated that, during the year ended June 30, 2007, the Authority was in compliance with ORS 294 as it pertains to investment of public funds.

**LEGAL REQUIREMENTS RELATING TO DEBT**

We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of the Authority's liabilities, and no breach of bond covenant agreements for the year ended June 30, 2007.

**BUDGET COMPLIANCE**

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

**INSURANCE POLICIES AND FIDELITY BONDS**

We have reviewed the Authority's insurance and fidelity bond coverage at June 30, 2007. 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, 2007.

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

**PUBLIC CONTRACTS**

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

**PROGRAMS FUNDED FROM OUTSIDE SOURCES**

We reviewed and tested transactions and reports relative to federal and state grant awards received and expended by the Authority. Based on our testing, it appears the Authority was in compliance with the requirements of the federal and state grant awards received and expended.

**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**

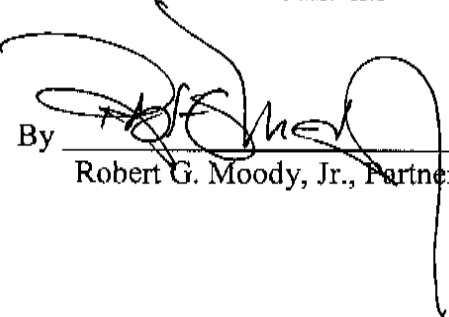
The Authority does not receive revenue from taxes on motor vehicle fuel; therefore, compliance with the legal requirement pertaining to highway funds is not applicable to the Authority.

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This report is intended solely for the information of the Board of Directors, Board of Commissioners, management, Federal awarding agencies, pass-through entities, 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