

HACSA w.4.b.

## HACSA MEMORANDUM

**TO:** HACSA Board of Commissioners

**FROM:** Dorothy Cummings, Deputy Director

**AGENDA ITEM:** ORDER/In the Matter of Accepting a Bid and Awarding Contract #11-C-0001 for the Riverview Terrace Elevators

**AGENDA DATE:** May 18, 2011

### **I. MOTION :**

IT IS MOVED THAT 2G, INC. dba 2G CONSTRUCTION BE AWARDED A CONTRACT #11-C-0001 FOR THE RIVERVIEW TERRACE ELEVATORS AND THAT AN ORDER TO THIS EFFECT BE SIGNED; AND AN AGREEMENT BE EXECUTED IN ACCORDANCE WITH BID DOCUMENTS.

### **II. ISSUE**

Board approval is required to award a contract for the Riverview Terrace Elevators, located in Cottage Grove, Oregon.

### **III. DISCUSSION**

#### **A. Background:**

Riverview Terrace is a sixty unit, low rent public housing apartment complex occupied by elderly and disabled residents. Built in 1967, Riverview Terrace is a six-story high-rise building, including the basement

level used for office space and a community room and kitchen. The six levels are currently served by a single elevator.

The project work includes, but is not limited to, the construction of a new six-story elevator, the modernization of the existing elevator, and associated work.

With only service calls and on-going maintenance since construction, the existing, single elevator is in need of a complete modernization. When the elevator is down for service, the building is without elevator service.

Two operational elevators will allow building elevator service while one is out-of-service for maintenance or service calls.

Unlike the existing elevator, the new elevator will be sized to accommodate a rescue gurney – a feature recommended for a building occupied by elderly and disabled residents.

B. Analysis

A formal bid process with a bid package was issued by the Agency for the required work. Three responsive bids were obtained, and the lowest bidder is responsive and responsible and they have reviewed their bid and confirmed their costs.

C. Alternatives/Options

In that the public bidding process was employed, the lowest bid has no irregularities and is responsive and responsible, the prices are considered competitive, and there are sufficient budget funds to cover the project, we recommend award of the contract to 2G, Inc. dba 2G Construction.

2G Inc. dba 2G Construction will provide a 100% Performance Bond and a 100% Payment Bond for this contract.

D. Recommendation

Approval of the proposed Motion.

E. Timing

Upon bid award, the contractor shall have ten days to provide the Agency with a signed contract. It is anticipated that all other necessary documents

could be processed by May 27, 2011 and work would commence shortly thereafter.

**IV. IMPLEMENTATION/FOLLOW-UP**

Same as in Item III.E

**V. ATTACHMENTS**

Bid Recap Sheet.

**IN THE BOARD OF COMMISSIONERS OF THE  
HOUSING AND COMMUNITY SERVICES AGENCY  
OF LANE COUNTY, OREGON**

ORDER NO.

) IN THE MATTER OF ACCEPTING A  
) BID AND AWARDED CONTRACT  
) #11-C-0001 FOR THE RIVERVIEW  
) TERRACE ELEVATORS

WHEREAS, at a duly publicized time and place on May 3, 2011, Brian Shafer of the Housing And Community Services Agency of Lane County, Oregon, opened bids on the following project: Contract #11-C-0001 for the Riverview Terrace Elevators.

WHEREAS, funds are available to finance the project, and the Executive Director having so recommended, NOW, THEREFORE, IT IS HEREBY

ORDERED, that 2G, Inc. dba 2G Construction be awarded the contract for the Riverview Terrace Elevators, and that the agreement be executed by the Executive Director in accordance with the bid documents. The contractor shall present a valid signed contract with payment and performance securities and shall satisfactorily complete all work within the specified contract time.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2011

\_\_\_\_\_  
Chairperson  
HACSA Board of Commissioners

**IN THE MATTER OF ACCEPTING A BID AND AWARDED CONTRACT #11-C-0001 FOR THE RIVERVIEW TERRACE ELEVATORS.**



Housing And Community Services Agency of Lane County  
300 West Fairview Drive, Springfield, OR 97477



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## BID RECAP SHEET

Contract #11-C-0001

### Riverview Terrace Elevators

AWARDING A CONTRACT FOR RIVERVIEW TERRACE ELEVATORS  
OWNED BY THE HOUSING AND COMMUNITY SERVICES  
AGENCY OF LANE COUNTY

| <u>CONTRACTOR</u>                                   | <u>BID</u>   | <u>RANK</u> |
|---|--------------|-------------|
| Preferred Construction, Inc.<br>Springfield, Oregon | \$894,000.00 | #2          |
| Meili Construction Company, Inc.<br>Eugene, Oregon  | \$979,367.00 | #3          |
| 2G, Inc. dba 2G Construction<br>Eugene, Oregon      | \$887,500.00 | #1          |

This is a true and accurate account of the bid opening results  
for this project on May 3, 2011.

Brian Shafer, Contract Administrator

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

Program Accounting - Continued

Signpost House

This program accounts for sixteen units purchased with a City of Eugene "HOME" grant of \$516,170 to provide housing for clients enrolled in the Shelter + Care program.

Camas Apartments

This program accounts for thirty-six units of affordable housing financed by the U.S. Department of Agriculture (USDA) with loans of \$536,186 and a State of Oregon "HOME" grant of \$574,584.

Norsemen Village Apartments

This program accounts for forty-four units of affordable housing financed by the USDA with loans of \$1,952,583 and a grant of \$20,000.

Richardson Bridge Apartments

This program accounts for thirty-one units of affordable housing acquired December 31, 2008 from a limited partnership in which HACSA was the general partner. HACSA exercised its option to purchase the property at the end of the certification period for the low income housing tax credit.

Budgets and Budgetary Accounting

A budget is prepared by the administrative and fiscal staff for each of the separate programs within each division and for the total operation of HACSA after coordination, consultation, and receipt of approvals of service levels from the various grantor agencies. A consolidated budget is submitted to the Board of Commissioners for approval, modification and adoption. The Agency is not subject to Oregon Local Budget Law under ORS 294.316 (8).

Basis of Accounting

In accordance with GASB Statement No. 20, the basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Agency's ongoing operations. Operating revenues include rental income and operating subsidies and grants. Operating expenses include housing assistance payments, occupancy costs, tenant services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are classified as non-operating revenues and expenses. Expenses that may be applied to either restricted or unrestricted resources are first applied to restricted resources. The agency has not applied Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:**

Investments

Investments are stated at cost and consist of federally insured investments, investments in the State of Oregon Local Government Investment Pool, and low-income housing tax credit limited partnerships. Cost of these investments approximates market value, therefore no adjustment for unrealized gain or loss has been made on these financial statements.

Inventories

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

Accounts Receivable

Accounts receivable are shown at net realizable value. A provision for uncollectible amounts has been established in an amount determined by management.

Land, Structures and Equipment

These assets are recorded at cost or estimated historical cost. Depreciation is recorded on the straight-line method over estimated useful lives ranging from three to forty years. The Capitalization threshold is \$5,000.

Income Taxes

The Agency is exempt from Federal income taxes under Internal Revenue Code Section 115.

Use of Estimates

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

**NOTE 2. CASH AND INVESTMENTS:**

Cash

The cash balances at September 30, 2010 are as follows:

|   |                     |
|---|---------------------|
| Petty Cash                                  | \$ 1,052            |
| Cash with fiscal agent (management company) | 95,267              |
| Checking, savings and money market accounts | <u>1,480,616</u>    |
| Total                                       | <u>\$ 1,576,935</u> |

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 2. CASH AND INVESTMENTS – CONTINUED:**

Cash balances are classified as follows:

|              |                     |
|--------------|---------------------|
| Unrestricted | \$ 324,517          |
| Restricted   | <u>1,252,418</u>    |
| Total        | <u>\$ 1,576,935</u> |

Custodial credit risk for deposits:

This is the risk that deposits may not be returned to the Agency in the event of a bank failure. There were no balances as of September 30, 2010 that were not covered by Federal depository insurance or collateral pledged by the depository institution.

Investments

Investments of HACSA consist of the following:

|  |                     |
|--|---------------------|
| State of Oregon Local Government Investment Pool                         | \$ 2,370,095        |
| Federal Agency Securities (rated AAA by Moody's and S&P):                |                     |
| Federal Farm Credit Bank note, 2.23%, matures 5/19/16, par call 11/19/10 | 1,200,000           |
| Investments with fiscal agents   | <u>2,105,032</u>    |
| Total  | <u>\$ 5,675,127</u> |

Investments are classified as follows:

|              |                     |
|--------------|---------------------|
| Unrestricted | \$ 2,594,066        |
| Restricted   | <u>3,081,061</u>    |
| Total        | <u>\$ 5,675,127</u> |

Oregon Revised Statutes authorize HACSA to participate in the following types of investments:

Obligations of the United States, agencies or instrumentalities of the United States and the States of Oregon, Washington, Idaho and California, certificates of deposit, savings accounts or share accounts held in banks, savings and loan association, or credit unions, fixed or variable life insurance or annuity contracts, banker's acceptances, commercial paper, repurchase and reverse repurchase agreements, and the State of Oregon Local Government Investment Pool.

The State of Oregon Local Government Investment Pool (Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated. Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool. These funds must be invested and managed as a prudent investor would, exercising reasonable care, skill, and caution. Investments of the Pool are further governed by portfolio guidelines issued by the Oregon Short Term Funds Board, which establish diversification rules and specify the types and maturities of investments.



HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 2. CASH AND INVESTMENTS – CONTINUED:**

Restrictions on cash balances are as follows:

|   |                         |
|---|-------------------------|
| Family Self-Sufficiency (FSS) escrow deposits | \$ 162,972              |
| Housing Choice Vouchers                       | 846,703                 |
| Tenant security deposit accounts:             |                         |
| Public housing                                | 170,548                 |
| Abbie Lane Apartments                         | 4,165                   |
| Village Oaks Apartments                       | 24,375                  |
| Fourteen Pines Apartments                     | 13,418                  |
| Camas Apartments                              | 13,844                  |
| Norseman Village Apartments                   | <u>16,393</u>           |
| <br>Total                                     | <br><u>\$ 1,252,418</u> |

Restrictions on investment balances are as follows:

|   |                         |
|---|-------------------------|
| Replacement reserve accounts:                             |                         |
| Abbie Lane Apartments                                     | \$ 164,858              |
| Village Oaks Apartments                                   | 196,789                 |
| Fourteen Pines Apartments                                 | 430,665                 |
| Heeran Center   | 53,973                  |
| Camas Apartments  | 22,848                  |
| Norseman Village Apartments                               | 37,806                  |
| Richardson Bridge Apartments                              | 12,811                  |
| Tax and insurance reserves:                               |                         |
| Abbie Lane Apartments                                     | 11,383                  |
| Village Oaks Apartments                                   | 505                     |
| Fourteen Pines Apartments                                 | 677                     |
| Public Housing FSS accounts                               | 156,445                 |
| Housing Choice Vouchers                                   | 613,198                 |
| Neighborhood Network reserves – CSA                       | 14,125                  |
| Residual receipts reserve – Village Oaks Apartments       | 9,875                   |
| Residual receipts reserve – Fourteen Pines Apartments     | 429                     |
| Rehabilitation reserve – Norsemen Village Apartments      | 152,104                 |
| USDA rehabilitation reserve – Norsemen Village Apartments | 796,320                 |
| Firwood Apartments bonded debt funds:                     |                         |
| Lease payment fund  | 5,831                   |
| Principal and interest fund                               | 77,567                  |
| Bond reserve fund   | 103,724                 |
| Note payment fund   | 12,742                  |
| Agency Program:   |                         |
| Walnut Park reserve                                       | 100,111                 |
| Deposit in lieu of performance bond                       | <u>106,275</u>          |
| <br>Total   | <br><u>\$ 3,081,061</u> |

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 3. RECEIVABLES:**

Receivables are reported in the following major categories:

HUD - This represents annual settlement with HUD for amounts expended by HACSA in excess of funds received from HUD.

Grants – Amounts due from other governmental agencies and utility companies for amounts expended in the weatherization and various other grant programs

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

Other – These include amounts due from limited partnerships, and all other miscellaneous receivables.

**NOTE 4. LOANS RECEIVABLE:**

Loans receivable of HACSA consist of low interest loans made to limited partnerships to develop low-income housing projects. HACSA is the general partner in all of the limited partnerships.

Note receivable – Munsel Park Limited Partnership:

|  |            |
|--|------------|
| Interest at 1.5%, .5% payable annually, principal and accrued interest due December 31, 2039 | \$ 770,726 |
|--|------------|

Note receivable – Sheldon Village I Limited Partnership:

|   |         |
|---|---------|
| Interest at 5.57%, principal and accrued interest due January 1, 2033 | 284,195 |
|---|---------|

Note receivable – Sheldon Village I Limited Partnership:

|  |         |
|--|---------|
| Interest at 3.0%, principal and accrued interest due January 1, 2033 | 100,000 |
|--|---------|

Note receivable – The Orchards Limited Partnership:

|  |         |
|--|---------|
| Interest at 5.0%, principal and accrued interest due December 31, 2011 | 225,000 |
|--|---------|

Note receivable – Walnut Park Limited Partnership:

|  |         |
|--|---------|
| Interest at 3.0%, principal and accrued interest due December 31, 2011 | 515,000 |
|--|---------|

Note receivable – Sheldon Village II Limited Partnership:

|  |         |
|--|---------|
| Interest at 5.7%, principal and accrued interest due January 1, 2035 | 290,805 |
|--|---------|

Note receivable – Sheldon Village II Limited Partnership

|  |         |
|--|---------|
| Interest at 3.0%, principal and accrued interest due January 1, 2035 | 100,000 |
|--|---------|

Note receivable - Laurel Gardens Limited Partnership:

|  |        |
|--|--------|
| Interest at 3.0%, due annually, principal and accrued interest due January 1, 2014 | 77,840 |
|--|--------|

Note receivable – Laurel Gardens Limited Partnership:

|   |         |
|---|---------|
| Interest at 7.08%, due annually, principal and accrued interest due December 31, 2013 | 137,200 |
|---|---------|

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 4. LOANS RECEIVABLE - CONTINUED:**

|   |                    |
|---|--------------------|
| Note receivable - Laurel Gardens Limited Partnership:<br>Interest at 1.0%, principal and interest payments due annually, principal<br>and accrued interest due December 31, 2013        | 178,222            |
| Note receivable – Jacob’s Lane Limited Partnership:<br>Interest at 6.0%, .5% payable annually, principal and accrued interest<br>due January 1, 2029                                    | 406,440            |
| Note receivable – Jacob’s Lane Limited Partnership:<br>Interest at 1.0%, principal and interest payments of \$3,192 due annually,<br>principal and accrued interest due January 1, 2029 | 100,000            |
| Note receivable – New Winds Limited Partnership:<br>Interest at 3.25%, principal and accrued interest due August 1, 2047  | 701,611            |
| Note receivable – New Winds Limited Partnership:<br>Interest at 5.15%, principal and accrued interest due August 1, 2047  | 75,000             |
| Note receivable – New Winds Limited Partnership:<br>Interest at 3.25%, principal and accrued interest due August 1, 2047  | 100,000            |
| Note receivable – Turtle Creek Limited Partnership:<br>Interest at 5.01%, principal and accrued interest due October 1, 2047  | 867,000            |
| Note receivable – Sponsors, Inc.:<br>Interest at 4%, principal and interest payable monthly, due December 31, 2014  | <u>15,306</u>      |
| Total   | <u>\$4,944,345</u> |

All of the notes from the limited partnerships are secured by trust deeds on the property. Most do not call for payments until maturity. These notes are subordinated to other obligations of the partnerships, and payments may only be made to the extent that surplus cash is available.

**NOTE 5. INVESTMENT IN LIMITED PARTNERSHIPS:**

HACSA is the general partner in a number of limited partnerships formed to finance the construction of low-income housing. These partnerships provide low-income housing tax credits to the investors. HACSA has an option to purchase the limited partners’ interests after the tax credit compliance audit termination date, at the greater of its fair market value or an amount determined under the provision of the partnership agreement.

The investments are presented at cost.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 5. INVESTMENT IN LIMITED PARTNERSHIPS - CONTINUED:**

The investments are as follows:

|   |                    |
|---|--------------------|
| Munsel Park Limited Partnership, .01% interest        | \$ 0               |
| Sheldon Village I Limited partnership, .01% interest  | 244,094            |
| The Orchards Limited Partnership, 1% interest         | 441,394            |
| Walnut Park Limited Partnership, 1% interest          | 222,253            |
| Sheldon Village II Limited Partnership, .01% interest | 158,006            |
| Laurel Gardens Limited Partnership, 1% interest       | 110,000            |
| Jacob's Land Limited Partnership, .1% interest        | 447,499            |
| New Winds Limited Partnership, .01% interest          | 111                |
| Turtle Creek Limited Partnership, .01% interest       | <u>111</u>         |
| Total   | <u>\$1,623,468</u> |

HACSA provides management and accounting services to the limited partnerships. These fees are accrued to the extent net cash flow is not available in the partnerships. HACSA recognized \$64,857 in fees during the year.

**NOTE 6. ROOSEVELT CROSSINGS:**

HACSA has assumed the role of developer of an affordable housing project known as Roosevelt Crossings. The Project will be operated by Sponsors, Inc., a non-profit organization providing transitional housing to individuals from state prisons and other correctional facilities. There is a receivable for accumulated development costs of \$1,885,695 at September 30, 2010. Certain of the costs, and the HOME loan from the City of Eugene which partially funded the project, will be transferred to a limited partnership upon completion of the project.

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 7. FIXED ASSETS:**

Land, buildings and equipment are accounted for in the individual programs in which the assets were purchased. The following is a summary of fixed asset activity for the year ended September 30, 2010:

|   | Balance<br>September 30, 2009 | Additions           | Deletions         | Balance<br>September 30, 2010 |
|---|-------------------------------|---------------------|-------------------|-------------------------------|
| Capital assets not being depreciated        |                               |                     |                   |                               |
| Land  | \$ 8,859,865                  | \$                  | \$ 485,289        | \$ 8,374,576                  |
| Construction in progress                    | 805,769                       | 1,920,169           |                   | 2,725,938                     |
| Total capital assets not being depreciated  | <u>9,665,634</u>              | <u>1,920,169</u>    | <u>485,289</u>    | <u>11,100,514</u>             |
| Capital assets being depreciated:           |                               |                     |                   |                               |
| Buildings and improvements                  | 44,999,162                    | 410,635             |                   | 45,409,797                    |
| Furniture and equipment                     | 1,554,210                     | 46,764              |                   | 1,600,974                     |
| Vehicles                                    | 667,860                       |                     |                   | 667,860                       |
| Total capital assets being depreciated      | <u>47,221,232</u>             | <u>457,399</u>      | <u>0</u>          | <u>47,678,631</u>             |
| Less accumulated depreciation for:          |                               |                     |                   |                               |
| Buildings and improvements                  | 21,831,607                    | 1,102,484           |                   | 22,934,091                    |
| Furniture and equipment                     | 1,468,679                     | 24,648              |                   | 1,493,327                     |
| Vehicles                                    | 634,332                       | 11,414              |                   | 645,746                       |
| Total accumulated depreciation              | <u>23,934,618</u>             | <u>1,138,546</u>    | <u>0</u>          | <u>25,073,164</u>             |
| Total capital assets being depreciated, net | <u>23,286,614</u>             | <u>(681,147)</u>    | <u>0</u>          | <u>22,605,467</u>             |
| Total capital assets, net                   | <u>\$ 32,952,248</u>          | <u>\$ 1,239,022</u> | <u>\$ 485,289</u> | <u>\$ 33,705,981</u>          |

Depreciation expense is charged to the programs as follows:

|                                   |               |
|-----------------------------------|---------------|
| Public Housing                    | \$ 732,983    |
| Section 8 Housing Choice Vouchers | 1,184         |
| Abbie Lane Apartments             | 37,853        |
| Village Oaks Apartments           | 50,717        |
| Fourteen Pines Apartments         | 69,017        |
| Agency Program                    | 13,399        |
| CSA Programs                      | 9,194         |
| Richardson Bridge                 | 70,898        |
| Firwood Apartments                | 64,088        |
| Heeran Center                     | 29,963        |
| Signpost House                    | 14,209        |
| Camas Apartments                  | 22,904        |
| Norsemen Village Apartments       | <u>22,137</u> |

Total \$ 1,138,546

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 8. LONG TERM DEBT:**

For the year ending September 30, 2010 the Agency completed the following long-term debt transactions:

|   | <u>Balance<br/>September 30, 2009</u> | <u>Principal<br/>Retirement</u> | <u>Balance<br/>September 30, 2010</u> |
|---|---------------------------------------|---------------------------------|---------------------------------------|
| <b>Bonds Payable:</b>   |                                       |                                 |                                       |
| Firwood Apartments - Series A Revenue Bonds<br>Original amount \$965,000, interest at 5.0% - 6.7%   | \$ 640,000                            | \$ 35,000                       | \$ 605,000                            |
| Firwood Apartments - Series B Revenue Bonds<br>Original amount \$470,000, interest at 6.7%  | <u>170,000</u>                        | <u>20,000</u>                   | <u>150,000</u>                        |
| Total Bonds Payable   | <u>810,000</u>                        | <u>55,000</u>                   | <u>755,000</u>                        |
| <b>Notes Payable:</b>   |                                       |                                 |                                       |
| Abbie Lane Apartments:  |                                       |                                 |                                       |
| Oregon Housing and Community Services Department<br>Original amount \$759,000, interest at 7.75%, annual<br>payment \$62,174, secured by property | 106,434                               | 56,304                          | 50,130                                |
| Oregon Housing and Community Services Department<br>Original amount \$99,000, interest at .25%, annual<br>payment \$3,457, secured by property    | 53,103                                | 3,328                           | 49,775                                |
| City of Eugene Rehabilitation Loan<br>Original amount \$487,881, interest at 2.0%, annual<br>payment \$22,140, secured by property                | <u>420,042</u>                        | <u>13,902</u>                   | <u>406,140</u>                        |
| Total   | <u>579,579</u>                        | <u>73,534</u>                   | <u>506,045</u>                        |
| <b>Firwood Apartments:</b>  |                                       |                                 |                                       |
| Ralph Greenhoot<br>Original amount \$388,760, interest at 5.0%, annual<br>payment \$25,043, secured by property                                   | 269,733                               | 11,811                          | 257,922                               |
| City of Eugene Rehabilitation Loan<br>Original amount \$206,000, interest at 3.5%, annual<br>payment \$12,046, secured by property                | 118,922                               | 8,319                           | 110,603                               |
| City of Eugene Rehabilitation Loan<br>Original amount \$250,000, interest at 2.0%, annual<br>payment \$15,144, secured by property                | <u>243,198</u>                        | <u>10,361</u>                   | <u>232,837</u>                        |
|   | <u>631,853</u>                        | <u>30,491</u>                   | <u>601,362</u>                        |

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 8. LONG TERM DEBT - CONTINUED:**

|   | <u>Balance<br/>September 30, 2009</u> | <u>Principal<br/>Retirement</u> | <u>Balance<br/>September 30, 2010</u> |
|---|---------------------------------------|---------------------------------|---------------------------------------|
| Notes Payable - Continued:  |                                       |                                 |                                       |
| CSA Program:  |                                       |                                 |                                       |
| Umpqua Bank, original amount \$120,000, interest at 7.75%, annual payment \$11,882, secured by property | \$ 68,693                             | \$ 6,837                        | \$ 61,856                             |
| Village Oaks Apartments:  |                                       |                                 |                                       |
| Siuslaw Bank, original amount \$465,874, interest at 7.5%, annual payment \$50,437, secured by property | 117,253                               | 43,105                          | 74,148                                |
| Fourteen Pines Apartments:  |                                       |                                 |                                       |
| Berkadia Mortgage   |                                       |                                 |                                       |
| Original amount \$806,600, interest at 7.5%, annual payment \$60,150, secured by property               | 162,325                               | 50,383                          | 111,942                               |
| City of Eugene Rehabilitation Loan  |                                       |                                 |                                       |
| Original amount \$750,000, interest at 3.5%, annual payment \$40,414, secured by property               | 211,690                               | 33,564                          | 178,126                               |
| Total   | <u>374,015</u>                        | <u>83,947</u>                   | <u>290,068</u>                        |
| Heeran Center:  |                                       |                                 |                                       |
| Oregon Housing and Community Services Department  |                                       |                                 |                                       |
| Original amount \$1,348,349, interest at 3.69%, annual payment \$74,383, secured by property            | 961,175                               | 39,581                          | 921,594                               |
| Oregon Department of Human Resources  |                                       |                                 |                                       |
| Original amount \$24,500, terms not yet determined  | 24,500                                | -                               | 24,500                                |
| Total   | <u>985,675</u>                        | <u>39,581</u>                   | <u>946,094</u>                        |
| Signpost House:   |                                       |                                 |                                       |
| City of Eugene Rehabilitation Loan  |                                       |                                 |                                       |
| Original amount \$127,678, interest at 5.0%, annual payment \$11,112, secured by property               | 81,177                                | 7,227                           | 73,950                                |
| Camas Apartments:   |                                       |                                 |                                       |
| USDA Rural Development  |                                       |                                 |                                       |
| Original amount \$191,239, interest at 6.875%, annual payment \$14,882, secured by property             | 317,667                               | 4,913                           | 312,754                               |
| USDA Rural Development  |                                       |                                 |                                       |
| Original amount \$191,239, interest at 6.875%, annual payment \$14,882, secured by property             | 172,304                               | 3,405                           | 168,899                               |
| Total   | <u>489,971</u>                        | <u>8,318</u>                    | <u>481,653</u>                        |

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED:**

Program Accounting – Continued

**VETERANS ADMINISTRATION SUPPORTIVE HOUSING:**

This program accounts for a grant to provide housing assistance to veterans.

**SECTION 8 NEW CONSTRUCTION AND SECTION 236 HOUSING:**

Abbie Lane Apartments

This program accounts for twenty five units of affordable housing owned by HACSA and subsidized with Section 8 housing assistance payments from HUD. Purchase of these units was funded with loans from various public and private sources.

Village Oaks Apartments

This program accounts for a project financed by HUD with loans of \$465,874 and contributed capital of \$2,126,871 for the acquisition and operation of housing for low-income families.

14 Pines Apartments

This program accounts for a project financed by HUD with loans of \$577,996 and contributed capital of \$2,329,638 for the acquisition and operation of housing for low-income families.

**COMMUNITY DEVELOPMENT:**

Agency Program

The Agency program is used to account for financial resources except those otherwise required by grant terms to be accounted for in a separate program. The primary source of revenue is from rental fees charged and interest earned.

CSA Programs

This program accounts for the various community development projects funded through various federal, state and local sources. These projects include affordable housing, weatherization, and resident programs.

Firwood Apartments

This program accounts for an affordable housing project funded with revenue bonds issued by HACSA and being retired over a period of thirty years.

Heeran Center

This program accounts for the operation of a sixteen-bed residential mental health treatment facility. The project was funded with loans of \$1,372,849 and contributed capital \$245,000.



# HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### Organization

The Housing and Community Services Agency (HACSA) of Lane County, Oregon was created by resolution of the County Board of Commissioners, pursuant to ORS 456.085. Its primary functions are planning, development, and operation of low-income housing projects funded by the U.S. Department of Housing and Urban Development (HUD), and the administration and operation of other programs related to low-income housing assistance. These include weatherization, community development, and community service programs. Funding for these programs is primarily provided by HUD and other federal agencies, including the Department of Energy.

The seven-member Board of Commissioners acts as the governing body under the provisions of ORS 456.085.

Day-to-day management of HACSA is the responsibility of an Executive Director appointed by the Board of Commissioners.

The accounting system of HACSA is designed to generate that information necessary to prepare financial statements based on principles applicable to reports required by the various federal agencies, and state, county and Agency requirements. The accounting policies of HACSA conform to generally accepted accounting principles of the United States of America.

#### Reporting Entity

All significant activities and organization over which HACSA exercises oversight responsibility have been included in the financial statements. Our evaluation of the reporting entity was in accordance with Statement No. 14 of the Governmental Accounting Standards Board (GASB). Based on the criteria contained therein, HACSA is a component unit of Lane County. The Agency does not have any entities considered to be component units of HACSA for the fiscal year 2010.

#### Program Accounting

The accounts of HACSA are organized on the basis of programs, each of which is a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net assets, revenue, and expenditures as appropriated.

Government resources are allocated to and accounted for in individual programs based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various programs are combined into agency-wide financial statements, which are reported as basic financial statements. The individual programs are reported in the supplemental information as follows:

#### PUBLIC HOUSING:

This program accounts for properties owned by HACSA, financed through long-term debt, and rented to low-income families.

#### SECTION 8 HOUSING CHOICE VOUCHER PROGRAM:

This program accounts for rent subsidy payments to landlords for low-income families who locate their own rental units and negotiate the monthly rent.

HOUSING AUTHORITY AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2010

|   |                     |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                     |
| Dwelling rent   | \$ 3,268,389        |
| Housing assistance grants   | 13,764,274          |
| Operating grants  | 7,438,867           |
| Other operating receipts  | 642,934             |
| Payments to employees and related benefits  | (6,452,874)         |
| Payments to vendors and others for operations   | (4,533,804)         |
| Housing assistance payments   | <u>(13,903,741)</u> |
| Net cash provided (used) by operating activities  | <u>224,045</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                     |
| Investment purchases  | (4,800,000)         |
| Investment maturities and sales   | 5,213,009           |
| Decrease in other assets  | 2,539               |
| Increase in development costs receivable  | (442,003)           |
| Repayment of loans to limited partnerships  | 3,310               |
| Interest income   | <u>75,511</u>       |
| Net cash provided (used) by investing activities  | <u>52,366</u>       |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:                                       |                     |
| Capital grants  | 1,929,030           |
| Purchase of fixed assets  | (2,098,868)         |
| Proceeds from long-term debt  | 325,852             |
| Principal payments on long-term debt  | (483,273)           |
| Interest on long-term debt  | <u>(262,902)</u>    |
| Net cash provided (used) by capital and related financing activities                            | <u>(590,161)</u>    |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:  |                     |
| Payment on line of credit   | (1,000,000)         |
| Change in FSS escrow deposits   | <u>(12,939)</u>     |
| Net cash provided (used) by noncapital financing activities                                     | <u>(1,012,939)</u>  |
| Increase (decrease) in cash and cash equivalents  | (1,326,689)         |
| Beginning cash and cash equivalents   | <u>2,903,624</u>    |
| Ending cash and cash equivalents  | <u>\$ 1,576,935</u> |
| REPORTED ON STATEMENT OF NET ASSETS:  |                     |
| Unrestricted  | \$ 1,171,220        |
| Restricted  | 242,743             |
| FSS escrow deposits   | <u>162,972</u>      |
| Ending cash and cash equivalents  | <u>\$ 1,576,935</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:  |                     |
| Net operating income (loss)   | \$ (189,003)        |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: |                     |
| Depreciation  | 1,138,546           |
| (Increase) decrease in receivables  | (143,922)           |
| (Increase) decrease in inventory  | 1,123               |
| (Increase) decrease in prepaid expenses   | (186,595)           |
| Increase (decrease) in accounts payable and accrued liabilities                                 | (25,001)            |
| Increase (decrease) in tenant security deposits   | 3,666               |
| Increase (decrease) in deferred revenue   | <u>(374,769)</u>    |
| Net cash provided (used) by operating activities  | <u>\$ 224,045</u>   |

The accompanying notes are an integral part of the financial statements

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2010

|                                    |               |
|------------------------------------|---------------|
| OPERATING INCOME:                  |               |
| Dwelling rent                      | \$ 3,251,816  |
| Housing assistance grants          | 13,764,274    |
| Operating grants                   | 7,413,471     |
| HUD subsidy income                 | 595,348       |
| Other income                       | 616,995       |
|                                    | 25,641,904    |
| Total operating income             | 25,641,904    |
| OPERATING EXPENSES:                |               |
| Administration                     | 4,664,096     |
| Tenant services                    | 75,958        |
| Utilities                          | 703,466       |
| Ordinary maintenance               | 4,935,996     |
| Protective services                | 24,123        |
| General expense                    | 350,677       |
| Non-routine maintenance            | 34,304        |
| Housing assistance payments        | 13,903,741    |
| Depreciation                       | 1,138,546     |
|                                    | 25,830,907    |
| Total operating expenses           | 25,830,907    |
| Net operating income               | (189,003)     |
| NON-OPERATING INCOME (EXPENSE):    |               |
| Investment income                  | 230,349       |
| Interest expense                   | (258,676)     |
| Capital grants                     | 1,920,169     |
|                                    | 1,891,842     |
| Net non-operating income (expense) | 1,891,842     |
| Net income (loss)                  | 1,702,839     |
| Net assets, beginning of year      | 42,345,777    |
| Net assets, end of year            | \$ 44,048,616 |

The accompanying notes are an integral part of the financial statements

## HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

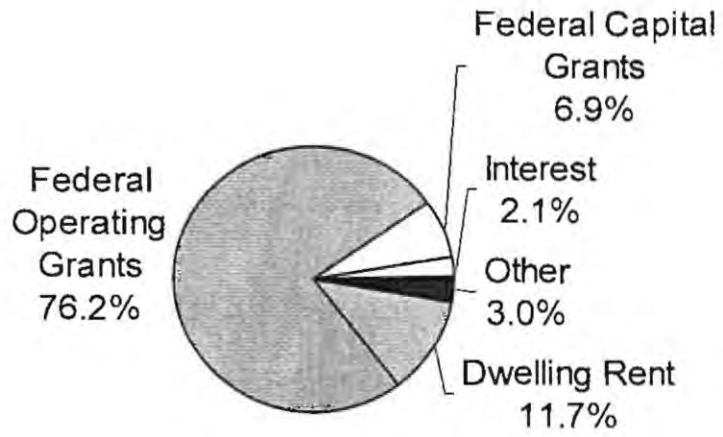
## STATEMENT OF NET ASSETS

September 30, 2010

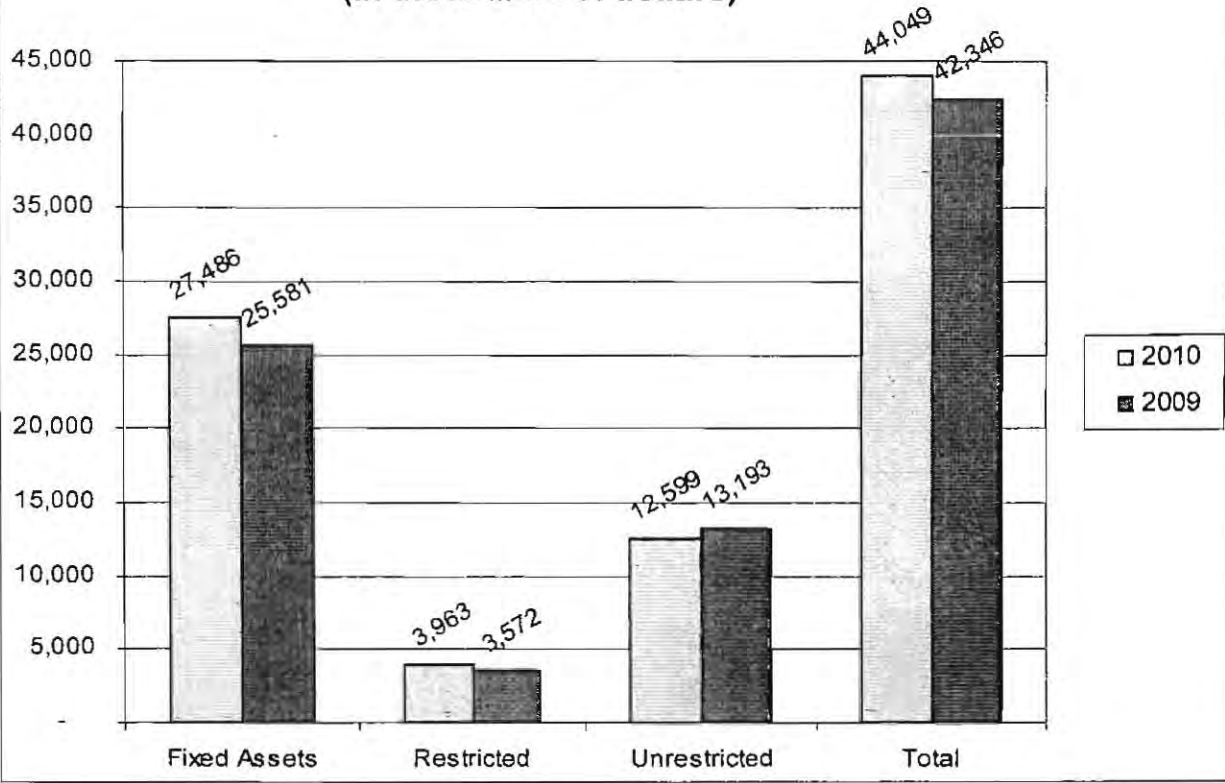
|   |                      |
|---|----------------------|
| ASSETS:   |                      |
| Current Assets:                                 |                      |
| Cash and cash equivalents                       | \$ 324,517           |
| Accounts receivable:                            |                      |
| HUD   | 336,180              |
| Grants  | 426,409              |
| Tenants   | 46,627               |
| Other   | 3,757,580            |
| Investments                                     | 2,594,066            |
| Prepaid expenses                                | 240,703              |
| Inventory                                       | 53,588               |
| Total Current Assets                            | <u>7,779,670</u>     |
| Restricted Assets:                              |                      |
| Cash and cash equivalents                       | 1,089,446            |
| Investments                                     | 2,924,616            |
| FSS escrow deposits                             | 319,417              |
| Total Restricted Assets                         | <u>4,333,479</u>     |
| Fixed Assets, Net of Depreciation               | <u>33,705,981</u>    |
| Other Assets:                                   |                      |
| Loans receivable                                | 4,944,345            |
| Investments in limited partnerships             | 1,623,468            |
| Deposits  | 1,144                |
| Unamortized bond discount                       | 11,790               |
| Total Other Assets                              | <u>6,580,747</u>     |
| Total Assets                                    | <u>\$ 52,399,877</u> |
| LIABILITIES:                                    |                      |
| Current Liabilities:                            |                      |
| Accounts payable and accrued liabilities        | \$ 1,114,475         |
| Tenant security deposits                        | 277,803              |
| Deferred revenue                                | 420,018              |
| Current portion of long-term liabilities        | 375,180              |
| Total Current Liabilities                       | <u>2,187,476</u>     |
| Long-Term Liabilities:                          |                      |
| FSS escrow deposits                             | 319,417              |
| Loans and bonds payable                         | 5,844,368            |
| Total Long-Term Liabilities                     | <u>6,163,785</u>     |
| Total Liabilities                               | <u>8,351,261</u>     |
| NET ASSETS:                                     |                      |
| Invested in capital assets, net of related debt | 27,486,435           |
| Restricted                                      | 3,963,204            |
| Unrestricted                                    | 12,598,977           |
| Total Net Assets                                | <u>44,048,616</u>    |
| Total Liabilities and Net Assets                | <u>\$ 52,399,877</u> |

The accompanying notes are an integral part of the financial statements

**REVENUE Year Ended  
September 30, 2010**

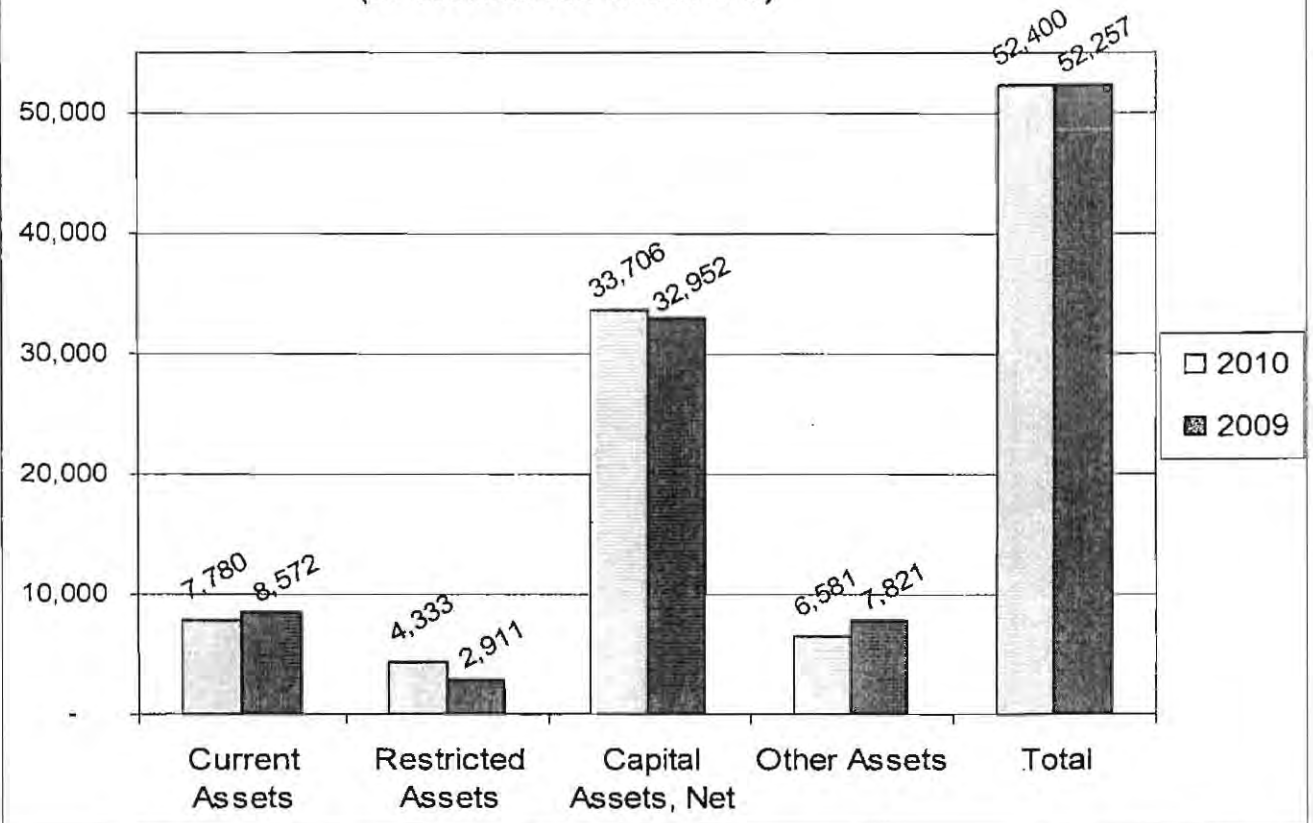


**~ NET ASSETS ~**  
(in thousands of dollars)



# ~ TOTAL ASSETS ~

(in thousands of dollars)



HUD uses a weighted average of the different utility costs nationwide to calculate this overall factor. Unfortunately for HACSA, water and sewer expenses account for about 62% of all our utility costs. That factor computed by HUD is +2.49%. However, since water and sewer expenses are only 22% of PHA utility expenses nationwide, the factors for other utility expenses (-8.42% nationwide) have a -7.81% effect on HACSA's overall factor. Even with these reductions, HACSA has been able to manage and maintain our public housing without decreasing the quality and quantity of services.

In addition to operating subsidies, HUD provides PHAs with capital fund grants for improvements to and modernization of public housing units. The amount of the grant in fiscal year 2010 was about \$1,256,000. The comparable amount in fiscal year 2009 was \$1,268,000. The Capital Fund programs are multiple year budgets and have remained relatively stable, except in 2009 under the American Recovery and Reinvestment Act (ARRA), when we were awarded an additional \$1,745,000.

## **Community Development**

### **Weatherization**

Cost effective measures are installed by private contractors and are paid for with public and private funds from federal grants and participating electric and national gas utilities. 15 separate funding sources make up this year's budget. Funding aggregated approximately \$2,600,000 during the fiscal year ended September 30, 2010. We anticipate a similar amount through this fiscal year. In addition to our regular weatherization funding, HACSA was awarded approximately \$2,700,000 in Department of Energy (DOE) ARRA funding that will be accessible through March 2012. Using this additional funding, HACSA will provide additional weatherization to low income households and present energy conservation workshops throughout the community.

### **Development**

HACSA is the general partner in a number of limited partnerships formed to finance the construction of affordable housing. Last year HACSA completed construction of Roosevelt Crossings Limited Partnership, which provides transitional housing to ex-offenders. A non-profit, Sponsors Inc., is the property manager and service provider. This year we will be completing rehabilitation of the Norsemen Apartments, an apartment complex in Junction City for seniors and people with disabilities, and of the Heeran Center, a sixteen-bed residential mental health treatment facility.

## **CONTACTING HACSA'S FINANCIAL MANAGEMENT**

This financial report is intended to provide its citizens, taxpayers, creditors and stakeholders with a general overview of HACSA's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or wish to request additional information, contact Laurie Larson-Lewis, Finance Manager, Housing and Community Services Agency of Lane County, 177 Day Island Road, Eugene, OR, 97401; email: [llarsonlewis@hacsa.us](mailto:llarsonlewis@hacsa.us); telephone: (541) 682-2525.



**TABLE 5**  
**VARIATIONS BETWEEN BUDGET AND ACTUAL AMOUNTS**

|                           | <u>Actual</u>              | <u>Budget</u>              | <u>Actual<br/>Over (Under)<br/>Budget</u> |
|---------------------------|----------------------------|----------------------------|---|
| Personal Services         | \$ 5,954,452               | \$ 6,047,931               | \$ (93,479)                               |
| Materials and Services    | 19,876,455                 | 18,536,198                 | 1,340,257                                 |
| Capital Outlay            | 1,214,549                  | 4,292,771                  | (3,078,222)                               |
| Debt Service              | <u>608,534</u>             | <u>778,100</u>             | <u>(169,566)</u>                          |
| <b>Total Expenditures</b> | <b><u>\$27,653,990</u></b> | <b><u>\$29,655,000</u></b> | <b><u>\$ (2,001,010)</u></b>              |

The budget for the fiscal year ending September 30, 2011 was approved by the HACSA Board on September 29, 2010. Federal funding accounts for approximately 83% of HACSA's revenues; HUD alone comprises 71%. HACSA is primarily dependent upon HUD for the funding of operations and is affected more by Federal budget appropriations than by local economic conditions.

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

#### **Section 8 Housing Choice Vouchers Program**

The new voucher program year began on January 1, 2011, and all public housing authorities (PHAs) are administering their programs under the stop-gap funding rules under the federal Continuing Resolution (CR) that Congress passed through March 4, 2011. Under the CR, all HUD programs are being funded at fiscal year (FY) 2010 enacted levels. Republican leaders of the new Congress have announced a proposal to reduce HUD spending for FY 2011 to FY 2008 levels. This worse case scenario would result in housing assistance payments of only 86% of the need nationwide, compared to 96% under the CR. In any case, due to adequate reserves, HACSA should be able to lease 100% (currently 2,659 per month) of the vouchers that have been allocated to us by HUD. We also have an allocation of 60 vouchers under the HUD-Veterans Affairs Supportive Housing (VASH) program. Funding for the VASH program will be adequate in FY 2011. Administrative fees under FY 2008 levels would result in 76% of the need nationwide, compared to 88% under the CR.

#### **Public Housing Program**

HACSA has a total of six Asset Management Projects (AMPS), which encompass all of our 708 public housing units. HUD funded our Public Housing operating subsidy for calendar year 2010 at 100% of the amount that they considered adequate, nationwide. However, approximately \$78,000 will be reduced from our 2011 operating subsidy due to changes in certain factors involved in the subsidy calculation. The largest decrease is the Utility Expense Level (UEL) inflation factor, which has been calculated at -5.72% for 2011 as opposed to +3.5% in 2010.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

This year's additions of \$1,892,279 are primarily due to capital improvements at our public housing developments, which are recorded as Construction in Progress until completion of each Capital Grant.

**TABLE 4  
CAPITAL ASSETS**

|                                | <u>September 30</u>        |                             |
|--------------------------------|----------------------------|-----------------------------|
|                                | <u>2010</u>                | <u>2009</u>                 |
| Land                           | \$ 8,374,576               | \$ 8,859,865                |
| Buildings and improvements     | 45,494,247                 | 44,999,162                  |
| Equipment                      | 2,184,384                  | 2,222,070                   |
| Construction in progress       | <u>2,725,938</u>           | <u>805,769</u>              |
| Total                          | 58,779,145                 | 56,886,866                  |
| Less: Accumulated depreciation | <u>(25,073,164)</u>        | <u>(23,934,618)</u>         |
| <b>Net Capital Assets</b>      | <b><u>\$33,705,981</u></b> | <b><u>\$ 32,952,248</u></b> |

### Long-term Debt

Long-term debt aggregated \$6,219,548 on September 30, 2010. The decrease of \$151,228 from the balance on September 30, 2009 represents the amount of principal paid during the year.

## BUDGETS, SIGNIFICANT CHANGES AND ECONOMIC FACTORS

The Agency's budget for the year ended September 30, 2010 was approved by the HACSA Board of Commissioners on September 29, 2009. HACSA's Board of Commissioners includes two public housing residents and five Commissioners from the Lane County Board of Commissioners. HACSA is a component unit of Lane County and its financial statements are, therefore, included in Lane County's financial statements.

HACSA's actual expenditures for the year ended September 30, 2010 aggregated \$27,653,990, \$2,001,010 less than the original budget. This difference is due primarily to the delays in the budgeted rehabilitation of the Norsemen Village Apartments, and the Heeran Center.

**TABLE 2  
CHANGES IN NET ASSETS**

|  | <b>Year Ended<br/>September 30</b> |                            |
|--|------------------------------------|----------------------------|
|  | <b>2010</b>                        | <b>2009</b>                |
| Revenues:                                |                                    |                            |
| Dwelling Rent                            | \$ 3,251,816                       | \$ 3,143,292               |
| Federal Operating Grants                 | 21,773,093                         | 19,794,980                 |
| Federal Capital Grants                   | 1,920,169                          | 703,992                    |
| Interest                                 | 230,349                            | 275,955                    |
| Other                                    | 616,995                            | 473,397                    |
|  | <u>27,792,422</u>                  | <u>24,391,616</u>          |
| Expenses:                                |                                    |                            |
| Administration                           | 4,664,096                          | 4,420,975                  |
| Resident Services                        | 75,958                             | 67,789                     |
| Utilities                                | 703,466                            | 700,918                    |
| Maintenance                              | 4,970,300                          | 4,193,534                  |
| Protective Services                      | 24,123                             | 27,387                     |
| General Expense                          | 350,677                            | 316,457                    |
| Interest                                 | 258,676                            | 288,106                    |
| Housing Assistance Payments              | 13,903,741                         | 13,946,947                 |
| Depreciation                             | 1,138,546                          | 1,185,762                  |
|  | <u>26,089,583</u>                  | <u>25,147,875</u>          |
| <b>Increase (decrease) in Net Assets</b> | <b><u>\$ 1,702,839</u></b>         | <b><u>\$ (756,259)</u></b> |

**HUD's Real Estate Assessment Center (REAC)**

REAC evaluates all public housing authorities (PHAs) on an annual basis. Using the Public Housing Assessment System (PHAS), PHAs are rated for the physical status of their properties, financial condition, management proficiency, and resident satisfaction. Financial condition is assessed for the agency as a whole. All other indicators are applied only to the public housing program. An aggregate score of 90 or above designates the PHA as a "high performer." HACSA received a high performer designation since PHAS scoring has been in place. HACSA received a score of 97 out of 100 for the year ended September 30, 2009. Our score was as follows:

**TABLE 3  
PUBLIC HOUSING ASSESSMENT SYSTEM  
FY 2009**

| <b>PHAS Indicators</b>  | <b>Score</b> | <b>Maximum Score</b> |
|-------------------------|--------------|----------------------|
| Physical                | 28           | 30                   |
| Financial               | 30           | 30                   |
| Management              | 30           | 30                   |
| Resident                | 9            | 10                   |
| <b>PHAS Total Score</b> | <b>97</b>    | <b>100</b>           |

## Reporting the Agency's Most Significant Programs

Our analysis of HACSA's major programs begins on page 37. Each major program is a self-balancing set of accounts, which is segregated for the purpose of carrying on specific activities. Generally accepted accounting principles (GAAP) requires state and local governments to use the enterprise fund type to account for business-type activities. All of the Agency's transactions are recorded in one enterprise fund. Enterprise funds use the accrual basis of accounting; revenue is recorded when earned and expenses are recorded when incurred, regardless of when the cash is received or disbursed.

## FINANCIAL ANALYSIS

All of HACSA's activities are accounted for in Public Housing, Section 8 Housing Choice Vouchers, Veterans Administration Supportive Housing (VASH), Section 8 New Construction and Section 236 Housing, and Community Development programs. The details of each program are set forth in the supplemental information. The following analysis pertains to the Agency as a whole.

### Net Assets

Net assets increased by \$1,702,839, (or 3.9%, over last year), which is the net income for the year ended September 30, 2010.

**TABLE 1**  
**NET ASSETS**

|  | <u>September 30</u>        |                            |
|--|----------------------------|----------------------------|
|  | <u>2010</u>                | <u>2009</u>                |
| Current Assets                                       | \$ 7,779,671               | \$ 8,571,682               |
| Restricted Assets                                    | 4,333,478                  | 2,911,350                  |
| Capital Assets, Net                                  | 33,705,981                 | 32,952,248                 |
| Other Assets   | <u>6,580,747</u>           | <u>7,821,483</u>           |
|  | <u>52,399,877</u>          | <u>52,256,763</u>          |
| Current Liabilities                                  | 2,187,475                  | 3,571,231                  |
| Noncurrent Liabilities                               | <u>6,163,786</u>           | <u>6,339,755</u>           |
|  | <u>8,351,261</u>           | <u>9,910,986</u>           |
| Net Assets   | <u>\$44,048,616</u>        | <u>\$42,345,777</u>        |
| Classification of Net Assets:                        |                            |                            |
| Investment in Capital Assets,<br>Net of Related Debt | \$27,486,435               | \$25,581,474               |
| Restricted Net Assets                                | 3,963,204                  | 3,571,754                  |
| Unrestricted Net Assets                              | <u>12,598,977</u>          | <u>13,192,549</u>          |
| <b>Total Net Assets</b>                              | <b><u>\$44,048,616</u></b> | <b><u>\$42,345,777</u></b> |

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

Our discussion and analysis of the Housing and Community Services Agency (HACSA) of Lane County's financial performance provides an overview of the Agency's financial activities for the fiscal year ended September 30, 2010. Please read it in conjunction with the Agency's financial statements, which begin on page 12.

### FINANCIAL HIGHLIGHTS

- The Agency reported combined net assets (assets less liabilities) of \$44,048,616 as of September 30, 2010. This represents an increase of \$1,702,839 or 3.9% from the prior year.
- 29% (\$12,598,977) of combined net assets was unrestricted and, therefore, had no constraints on future use. This compares to \$13,192,549 last year.
- Total combined revenue for the year ended September 30, 2010 aggregated \$27,792,423, an increase of \$3,400,806, or 12.3% over the prior year. The difference was due primarily to an increase in Housing Assistance Payments (HAP) and Capital Grants.
- Revenue exceeded expenses by \$1,702,839, compared to a net loss of \$ (756,259) last year. This was caused by the increase in revenue explained above.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements which are listed in the Table of Contents. The basic financial statements reflect the financial position, results of operations and cash flows of HACSA, as a whole, as of and for the year ended September 30, 2010. The supplemental information reflects the combining financial statements of the Agency's major programs. The Financial Data Schedule (FDS) is required by HUD. HUD has established Uniform Financial Reporting Standards that require HACSA to submit financial information electronically using the FDS format.

#### Reporting the Agency as a Whole

One of the most important uses of this MD & A is to compare this year's financial position and changes in net assets to last year's. The Statement of Net Assets, the Statement of Revenue, Expenses and Changes in Net Assets and the Statement of Cash Flows report information about HACSA as a whole in a way that presents this comparison.

The Statement of Net Assets presents HACSA's financial position as of September 30, 2010. It is as if someone took a snapshot of the Agency's accounts on that specific date and said "this is how it looks, right now." Assets are defined as what the Agency owns and liabilities are what it owes.

Therefore, net assets are simply what is owned less what is owed. While the Statement of Net Assets presents the financial position as of a specific date, the Statement of Revenue, Expenses and Changes in Net Assets measures the Agency's results and change in net assets for a period of time; in this case the year ended September 30, 2010. The Statement of Cash Flows is an analysis of the increase or decrease in the Agency's cash balances during the year.

My audit was made for the purpose of forming an opinion on the basic financial statements of HACSA. The accompanying financial statements and schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in my opinion, is fairly stated in all material respects in relation to the financial statements referred to above.



Eugene, Oregon  
January 18, 2011



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Bill Maas, CPA

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## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the Housing and Community Services Agency of Lane County (HACSA), a component unit of Lane County, Oregon as of and for the year ended September 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standard applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HACSA as of September 30, 2010, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated January 18, 2011, on my consideration of the HACSA's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide the 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 my audit.

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

HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended September 30, 2010

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HOUSING AND COMMUNITY SERVICES AGENCY OF LANE COUNTY

September 30, 2010

BOARD OF COMMISSIONERS

|                   |   |
|-------------------|---|
| Bill Dwyer        | 125 E. 8 <sup>th</sup> Avenue<br>Eugene, OR 97401 |
| Joseph Inman      | 125 E. 8 <sup>th</sup> Avenue<br>Eugene, OR 97401 |
| Rob Handy         | 125 E. 8 <sup>th</sup> Avenue<br>Eugene, OR 97401 |
| Bill Fleenor      | 125 E. 8 <sup>th</sup> Avenue<br>Eugene, OR 97401 |
| Judith Pothier    | 125 E. 8 <sup>th</sup> Avenue<br>Eugene, OR 97401 |
| C. Peter Sorenson | 125 E. 8 <sup>th</sup> Avenue<br>Eugene, OR 97401 |
| Faye Stewart      | 125 E. 8 <sup>th</sup> Avenue<br>Eugene, OR 97401 |

ADMINISTRATION

|                  |                    |
|------------------|--------------------|
| Larry Abel       | Executive Director |
| Dorothy Cummings | Deputy Director    |



HOUSING AND COMMUNITY SERVICES

AGENCY OF LANE COUNTY

(A Component Unit of Lane County, Oregon)

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2010



WILLIAM E. MAAS, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

Capital Fund – 18.4% cut; even though; according to HUD there is a \$20-\$30 billion backlog of capital needs in public housing nationwide. For HACSA this means a reduction of about \$250,000.

Operating Fund – 3.3% cut, which reduces this year’s operating subsidy to about 95% of the amount HUD estimates is needed. For HACSA this means a reduction of about \$87,000 from funding that had already placed our public housing program in jeopardy.

Section 8 Administrative Fees - 7.7% cut, which reduces funding to 78% of the amount HUD estimates is needed. This appropriation pays for all Section 8 administrative expenses (salaries and benefits are about 90%). For HACSA this means a **monthly** reduction of about \$40,000 through the end of this calendar year.

Also very troubling is the proposal in the President’s FY 2012 budget to recapture \$1 billion of ‘**excess**’ public housing operating reserves. If this proposal goes through, the reserves that HACSA (and other well-operated PHAs) has prudently accumulated will be taken away and, in effect, given to poorly-operated PHAs.

B. Recommendation

None required

**IV IMPLEMENTATION/FOLLOW-UP**

None required

**V Attachments**

Audited Financial Statements