

HACSA MEMORANDUM

TO: HACSA Board of Commissioners

FROM: Larry A. Abel, Deputy Director

AGENDA ITEM TITLE: REPORT/Review of Audit Report and Project Based Accounting Report

AGENDA DATE: March 19, 2003

I MOTION

None required.

II ISSUE

Each year the Board is presented with the Agency's audit and project based accounting report for review.

III DISCUSSION

A. Background/Analysis

Chapter 297 (Audits of Public Funds and Financial Records) of Oregon Revised Statutes and Office of Management and Budget Circular A-133 require an annual organization-wide audit of the Agency's financial statements, accounting systems, and compliance with financial requirements of our various grants.

The organization-wide audit for the year ended September 30, 2002 has been completed. There were no findings and the report has been submitted to HUD and the State of Oregon.

HACSA's financial statements include Management's Discussion and Analysis (MD&A) on pages three through eight. Congress has finally passed the HUD FY2003 appropriations bill and hearings on the FY 2004 budget have begun. A funding update follows:

Public Housing - The \$250 million shortfall, which stems from faulty accounting and monitoring systems at HUD, will effect our operating subsidy for the fiscal year beginning

October 1, 2003. Although HUD has informed us that we **should** receive about 90% of eligible subsidy, they will only fund (housing authorities with fiscal years beginning January 1, 2003 and April 1, 2003) at 70% until they are sure. Consequently, we must submit next year's budget and operating subsidy calculation to HUD by May 1, 2003. HUD Secretary Mel Martinez has publicly stated that the department's FY 2004 budget request is sufficient to meet 100% of operating subsidy needs.

Section 8 - House and Senate conferees agreed to delete the most egregious provisions of the House FY 2003 appropriations bill. As a result, there will be no imminent reduction in the number of Section 8 vouchers that we issue or in our administrative fee. However, included in HUD's FY 2004 budget is a proposal to delegate the administration of the Section 8 Voucher Program to the states in the form of block grants. Given the State of Oregon's dismal fiscal condition and its poor job of administering the HUD Section 236 (project based) Program, implementation of this proposal would be a disaster.

Detailed financial data schedules (pages 43 to 48 of the audit report) were electronically submitted to HUD's Real Estate Assessment Center (REAC) last December. REAC analyzes and scores the financial data as part of the Public Housing Assessment System (PHAS). Attached is a printout which lists the financial sub-indicators and their scores. HACSA's total financial score is 30, out of a possible 30 points.

HUD regulations require that year-end project based accounting reports be distributed to the Board.

B. Recommendation

None required.

IV IMPLEMENTATION/FOLLOW-UP

None required.

V ATTACHMENTS

Project Based Accounting Report
REAC Financial Score
Audited Financial Statements

Project Based Report
October 2001 - September 2002


	SCATTERED			MCKENZIE			LINDEBORG			CRESWELL			RIVERVIEW			VENETA			MATT			TOTAL
	SITES	FLORENCE	VILLAGE	PARKVIEW	6-4	6-5	6-6/6-18	6-7	6-9	6-24	37	704	6-7	6-9	6-24	37	704	6-7	6-9	6-24	37	704
DWELLING RENT	242,818	46,451	329,521	315,950	79,163	51,087	100,200	67,723	36,523	1,269,437												
MAINT CHARGES	13,064	729	5,061	2,225	609	266	902	1,158	3,218	27,232												
LATE CHARGES	3,478	412	1,848	875	75	50	175	400	275	7,588												
INTEREST	3,341	748	4,288	3,715	997	823	1,496	1,222	922	17,552												
OFFICE RENT/MISC*	7,895	1,238	9,030	6,089	1,650	1,361	2,475	2,021	2,239	33,997												
WASHER/DRYER				7,518	1,285	2,104	3,303	1,016		15,227												
COMP GRANT INCOME	54,590	12,222	70,071	60,701	16,296	13,444	24,443	19,962	15,073	286,802												
TOTAL INCOME	\$325,185	\$61,799	\$419,819	\$397,073	\$100,075	\$69,135	\$132,994	\$93,503	\$58,251	\$1,657,834												
DIRECT SALARIES	25,666	6,046	21,997	25,433	4,937	7,900	9,823	10,734	5,532	118,067												
INDIRECT SALARIES*	110,723	24,789	142,121	123,117	33,052	27,267	49,577	40,488	30,573	581,707												
OTHER ADMIN. EXP	2,497	1,479	7,463	5,447	1,256	661	1,440	1,232	1,989	23,464												
INDIRECT OTHER ADMIN EXP*	24,442	5,472	31,373	27,178	7,296	6,019	10,944	8,938	6,749	128,412												
AUDITING FEES	1,142	256	1,466	1,270	341	281	511	418	315	6,000												
TENANT SERVICES	57	57	326	57	57	57	57	57	99	822												
INDIRECT TENANT SERVICES*	16,959	3,204	18,370	15,914	4,272	3,524	6,408	5,233	3,952	77,836												
WATER/SEWER	7,889	23,076	45,858	25,614	12,118	7,294	8,530	38,590	6,534	175,501												
ELECTRICITY	2,066	2,537	9,332	48,006	4,101	2,434	9,847	3,470	2,991	84,784												
GAS/OIL/STEAM				69,310	20,136	1,053				90,499												
DIRECT MAINT LABOR	114,967	16,799	127,500	40,762	10,268	15,287	22,273	26,517	34,002	408,374												
INDIRECT MAINT LABOR*	9,702	2,172	12,453	10,787	2,896	2,389	4,344	3,548	2,679	50,969												
DIRECT MATERIALS	25,147	2,593	18,457	11,259	2,007	6,799	11,883	3,279	9,003	90,426												
INDIRECT MATERIALS*	13,379	2,995	17,173	14,877	3,994	3,295	5,991	4,892	3,694	70,290												
GARBAGE	30,672	2,892	28,288	9,892	2,951	5,088	7,618	10,911	10,177	108,488												
INDIRECT GARBAGE*	197	44	252	219	59	48	88	72	54	1,033												
ELEVATOR			1,609	6,212	1,530		3,685			13,035												
UTILITIES - VACATES	2,439	1,371	685	3,830	1,550	471	3,075	3,654	1,545	10,165												
VACATE CLEANING	15,692	2,822	19,595	12,995	4,191	274	9,253	4,766	6,599	58,203												
YARD MAINTENANCE	3,548		3,774	13,975	570		5,315	8,947		42,706												
JANITORIAL			11,929	13,975	2,637	260	3,939	2,095	917	32,966												
DIRECT CONTRACT COSTS	28,950	793	12,838	12,290	2,637	2,776	3,939	2,095	3,951	70,270												
VEHICLE EXPENSE	37		5,001	148		118	176	175		5,655												
INDIRECT VEHICLE EXPENSE*	28	6	36	31	8	7	13	10	8	149												
SECURITY AIDES		4,777	13,706	2,352			4,938			25,773												
PROTECTIVE SERVICES	8,308	1,860	10,664	9,238	2,480	2,046	3,720	3,038	2,294	43,650												
DIRECT FRINGE	68,749	12,633	70,799	32,785	7,724	13,248	19,189	17,910	21,914	264,951												
INDIRECT FRINGE*	55,509	12,427	71,250	61,723	16,570	13,670	24,855	20,298	15,327	291,630												
PMT IN LIEU OF TAXES	22,238	1,863	22,676	15,652	3,773	3,361	7,121	1,251	1,650	79,586												
INSURANCE*	4,915	1,100	6,309	5,466	1,467	1,211	2,201	1,797	1,357	25,825												
COLLECTION LOSSES	4,309	152	3,178	640	426		151	60	322	9,241												
CASUALTY LOSSES	3,487		5,597					268		9,352												
EXTRAORDINARY MAINTENANCE	38,747	75	27,844	13,111		6,128		568		86,473												
BETTERMENTS AND ADDITIONS	39,642		24,823							64,465												
TOTAL EXPENDITURES	\$682,102	\$134,291	\$794,743	\$619,589	\$152,665	\$132,968	\$236,962	\$223,218	\$174,226	\$3,150,765												
DEFICIT BEFORE SUBSIDY	-356,917	-72,492	-374,925	-222,515	-52,590	-63,833	-103,968	-129,715	-115,975	-1,492,931												
HUD SUBSIDY*	293,091	65,617	376,206	325,899	87,490	72,179	131,235	107,175	80,928	1,539,819												
RESIDUAL RCPTS OR DEFICIT	-\$63,827	-\$6,874	\$1,281	\$103,384	\$34,899	\$8,346	\$27,266	-\$22,540	-\$35,047	\$46,888												

* Allocated based on number of units

**integrated assessment subsystem (nass)**[reac home](#) | [systems menu](#)REAL ESTATE ASSESSMENT CENTER
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

February 6, 2003

individual reports**PHAS Financial Report for Fiscal Year 2002****PHA Information**

PHA Code:	OR006	PHA Name:	HA & Community Services Agency of Lane County, Oregon	Fiscal Year End:	09/30
Submission Type:	Unaudited - Entity Wide 				

Financial Score (rounded)**30**

Financial Sub-Indicators		Actual Score	Maximum Score
1	<u>Current Ratio</u>	9.0	9.0
2	<u>Number of Months Expendable Funds Balance</u>	9.0	9.0
3	<u>Tenant Receivable Outstanding</u>	4.5	4.5
4	<u>Occupancy Loss</u>	4.5	4.5
5	<u>Net Income or Loss Divided by the Expendable Funds Balance</u>	1.5	1.5
6	<u>Expense Management/Utility Consumption</u>	1.5	1.5
Total Financial Score		30.0	30.0

Last Updated: 01/09/2003

The sum of the sub-indicator scores may not equal the overall indicator score due to rounding.

Comments or Questions? Contact the [REAC Technical Assistance Center](#).**1-888-245-4860**

HOUSING AND COMMUNITY
SERVICES AGENCY OF LANE COUNTY

FINANCIAL STATEMENTS

FISCAL YEAR ENDED
SEPTEMBER 30, 2002

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY

SEPTEMBER 30, 2002

BOARD OF COMMISSIONERS

Bill Dwyer	5558 Thurston Road Springfield, OR 97478
June Gallagher	255 High Street #318 Eugene, OR 97401
Bobbie Green, Sr.	1754 N. Danebo Avenue Eugene, OR 97402
Anna Morrison	P.O. Box 404 Florence, OR 97439
Judith Pothier	350 S. 2 nd Avenue #30 Creswell, OR 97426
C. Peter Sorenson	3780 Emerald Eugene, OR 97405
Cindy Weeldreyer	60 Bennett Creek Road Cottage Grove, OR 97424

ADMINISTRATION

Chris Todis	Executive Director
Larry A. Abel	Deputy Director

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
REQUIRED SUPPLEMENTAL INFORMATION:	
Management's Discussion and Analysis (MD & A)	3-9
BASIC FINANCIAL STATEMENTS:	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Fund Net Assets	11
Statement of Cash Flows	12
Notes to Financial Statements	13-32
SUPPLEMENTAL INFORMATION:	
<u>Department of Housing and Urban Development</u> <u>Public and Section 8 Housing:</u>	
Statement of Net Assets	33
Statement of Revenues, Expenses and Changes in Fund Net Assets	34
Statement of Modernization Costs - Completed Project OR16P00670899	35
<u>Department of Housing and Urban Development</u> <u>Section 8 New Construction and Section 236 Housing</u>	
Statement of Net Assets	36
Statement of Revenues, Expenses and Changes in Fund Net Assets	37

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

TABLE OF CONTENTS

	<u>PAGE</u>
SUPPLEMENTAL INFORMATION - CONTINUED:	
<u>Community Development Funds</u>	
Statement of Net Assets	38
Statement of Revenues, Expenses and Changes in Fund Net Assets	39
Statement of Revenues and Expenses - CSA Fund	40
Statement of Revenues and Expenses - CSA Fund (DHUD Grant Funds)	41
Statement of Revenues and Expenses - CSA Fund (Weatherization Program)	42
FINANCIAL DATA SCHEDULES	43-48
REQUIRED AUDIT DISCLOSURES	49-52
REPORTS REQUIRED BY GAO AND OMB A-133:	
Schedule of Federal Awards Expended	53
Independent Auditor's Report on Internal Control Structure Related Matters Noted in a Financial Statement Audit Conducted in Accordance With Government Auditing Standards	54-55
Independent Auditor's Report on Compliance With Laws and Regulation Based on an Audit of Financial Statements Performed in Accordance With Governmental Auditing Standards	56

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2002

TABLE OF CONTENTS

	<u>PAGE</u>
REPORTS REQUIRED BY GAO AND OMB A-133 - CONTINUED:	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Governmental Auditing Standards	57-58
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	59-60
Schedule of Findings and Questioned Costs	61

BILL A. KILLOUGH
CERTIFIED PUBLIC ACCOUNTANT
162 West Twelfth Avenue • Eugene, Oregon 97401
(541) 484-5718
Fax: (541) 484-6627
E-Mail: killough@televar.com

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing and Community
Services Agency of Lane County, Oregon
177 Day Island Road
Eugene, Oregon 97401

I have audited the accompanying basic financial statements of the Housing and Community Services Agency of Lane County, Oregon (HACSA) as of and for the year ended September 30, 2002, as listed in the table of contents. These basic 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 generally accepted auditing standards of 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 as of September 30, 2002, and the results of its operations and its cash flows of its proprietary fund types for the year then ended, in accordance with generally accepted accounting principles of the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated January 10, 2003 on my consideration of the Housing and Community Services Agency of Lane County, Oregon's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries 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.

My audit was made for the purpose of forming an opinion on the basic financial statements of the Housing and Community Services Agency of Lane County, Oregon as a whole. The accompanying financial information listed as Supplemental Information in the table of contents, including the schedule of federal awards expended and the financial data schedule, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bar Kellough

Certified Public Accountant

Eugene, Oregon
January 10, 2003

REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD& A)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2002. Please read it in conjunction with the Agency's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The Agency reported combined net assets (assets less liabilities) of \$33,630,879 as of September 30, 2002. This represents an increase of \$1,366,369, or 4.2%, over the prior year.
- Capital grants from the U.S. Department of Housing and Urban Development (HUD) accounted for \$900,610 of the increase in net assets.
- 23.6% (\$7,944,977) of combined net assets was unrestricted and, therefore, had no constraints on future use. This compares to 22.4% (\$7,215,584) last year.
- Total combined revenue for the year ended September 30, 2002 aggregated \$24,219,193, an increase of \$1,464,798, or 6.4%, over the prior year. The increase in total revenue, excluding capital grants, was \$2,494,700, or 12% over last year.
- Revenues exceeded expenses by \$1,345,219, as compared to \$2,132,893 last year.

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, 2002. The supplemental information reflects the combining financial statements of the Agency's major funds. It also includes combining financial data schedules that were filed with HUD's Real Estate Assessment Center (REAC).

Reporting the Agency as a Whole

One of the most important questions about the Agency's financial status is, "Is the Agency as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and the Statement of Cash Flows report information about HACSA as a whole in a way that helps answer this question.

The Statement of Net Assets presents HACSA's financial position as of September 30, 2002. 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 Revenues, Expenses and Changes in Fund Net Assets measures the Agency's results and changes in net assets for a period of time; in this case the year ended September 30, 2002. The Statement of Cash Flows is an analysis of the change in the Agency's cash balances during the year.

Reporting the Agency's Most Significant Funds

The analysis of HACSA's major funds begins on page 33. A fund is a self-balancing set of accounts, which are 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 enterprise funds. 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 and community development funds. The details of each fund is set forth in the supplemental information beginning on page 33. The following analysis pertains to the Agency as a whole.

Net Assets

Net assets increased by \$1,366,369, or 4.2%, over last year. This increase is due primarily to capital grants of \$900,610 from HUD.

TABLE 1
NET ASSETS

	September 30	
	2002	2001
Current Assets	\$ 6,872,185	\$ 8,015,300
Capital Assets, Net	30,111,483	29,408,832
Other Assets	4,452,226	3,387,921
	<u>41,435,894</u>	<u>40,812,053</u>
Current Liabilities	2,339,575	2,988,731
Noncurrent Liabilities	5,465,440	5,558,812
	<u>7,805,015</u>	<u>8,547,543</u>
Net Assets (due to and due from other funds eliminated)	<u>\$ 33,630,879</u>	<u>\$32,264,510</u>
Classification of Net Assets:		
Investment in Capital Assets, Net of Related Debt	\$24,691,601	\$23,878,101
Restricted Net Assets	994,301	1,170,825
Unrestricted Net Assets	<u>7,944,977</u>	<u>7,215,584</u>
Total Net Assets	<u>\$33,630,879</u>	<u>\$32,264,510</u>

Changes in Net Assets

Total revenues increased by \$1,464,798, or 6.4% over last year. Additions over last year's revenues result primarily from HUD increases of \$1,878,155 in Section 8 housing assistance payments, \$545,920 in HOME Investment Partnership Program grants (to assist with the purchase of low-income housing) and \$121,171 in public housing operating subsidy funding. The principal decrease occurred because last year we received HUD capital grants of \$1,091,024 in conjunction with the acquisition of two low-income housing developments.

Our programs served approximately 275 more families than last year. As a result, total expenses increased by \$2,252,472, or 10.9% over last year.

TABLE 2
CHANGES IN NET ASSETS

	Year Ended	
	September 30	
	2002	2001
Revenues:		
Dwelling Rent	\$ 2,384,061	\$ 2,447,640
Federal Operating Grants	19,891,661	17,300,444
Federal Capital Grants	900,610	1,930,512
Interest	306,032	362,343
Other	736,829	713,456
	<u>24,219,193</u>	<u>22,754,395</u>
Expenses:		
Administration	4,476,713	4,097,998
Resident Services	420,014	301,280
Utilities	459,063	426,465
Maintenance	2,622,185	2,475,575
Protective Services	36,585	32,456
General Expense	230,035	325,082
Interest	301,752	289,069
Housing Assistance Payments	13,336,944	11,703,267
Depreciation	990,683	970,310
	<u>22,873,974</u>	<u>20,621,502</u>
Increase in Net Assets (before dividends of \$9,440 in both years)	<u>\$ 1,345,219</u>	<u>\$ 2,132,893</u>

HUD's Real Estate Assessment Center (REAC)

REAC evaluates all public housing authorities (PHA's) on an annual basis. Using the Public Housing Assessment System (PHAS), PHA's 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 in all three years that PHAS has been in place. Our score for financial condition, for the year ended September 30, 2002, is 30 (out of 30). We have not yet received our scores for the other indicators. However, we expect that they will result in another high performer designation.

TABLE 3
PUBLIC HOUSING ASSESSMENT SYSTEM

PHAS Indicator	Year Ended	Maximum
	September 30	
	2001	Score
Physical	29	30
Financial	30	30
Management	30	30
Resident	7	10
Total Score	96	100

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

This year's additions of \$1,647,111 are primarily due to comprehensive modernization at Veneta Village (a public housing development), rehabilitation at Camas Apartments, a U.S. Department of Agriculture (USDA)/Rural Development project, and rehabilitation at an apartment building which provides housing for clients in our Shelter + Care program.

TABLE 4
CAPITAL ASSETS

	September 30	
	2002	2001
Land	\$ 7,885,359	\$ 7,723,758
Buildings and improvements	35,788,061	34,242,718
Equipment	1,910,012	1,776,313
Construction in progress	1,071,778	1,265,310
Total	46,655,210	45,008,099
Less: Accumulated depreciation	(16,543,727)	(15,599,267)
Net Capital Assets	\$30,111,483	\$ 29,408,832

Long-term Debt

Long-term debt aggregated \$5,464,882 on September 30, 2002, a net decrease of \$110,848 from last year's total. An increase of \$127,678 was due to a loan for rehabilitation of the apartment building used in our Shelter + Care program. The amount of principal paid during the year was \$238,526.

BUDGETS, SIGNIFICANT CHANGES AND ECONOMIC FACTORS

The Agency's budget for the year ended September 30, 2002 was approved by the HACSA (five-member) Board of Commissioners on September 26, 2001. At that time the HACSA Board was also the Lane County Board of Commissioners. In April 2002, two public housing residents were appointed to the HACSA Board, which was expanded to seven members. 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, 2002 aggregated \$23,854,512, \$1,096,488 less than the original budget. This difference is due primarily to the anticipated purchase of Munsel Park Apartments (another USDA project), which was included in the budget, but was not effectuated. Terms are currently being re-negotiated. Increases relate mainly to the issuance of about 275 additional Section 8 vouchers during the year.

TABLE 5
VARIATIONS BETWEEN BUDGET AND ACTUAL AMOUNTS

	<u>Actual</u>	<u>Budget</u>	<u>Actual Over (Under) Budget</u>
Personal Services	\$ 5,052,846	\$ 4,867,592	\$ 185,254
Materials and Services	16,528,695	16,044,208	484,487
Capital Outlay	1,647,112	3,392,500	(1,745,388)
Debt Service	<u>625,859</u>	<u>646,700</u>	<u>(20,841)</u>
Total Expenditures	<u>\$23,854,512</u>	<u>\$24,951,000</u>	<u>(\$1,096,488)</u>

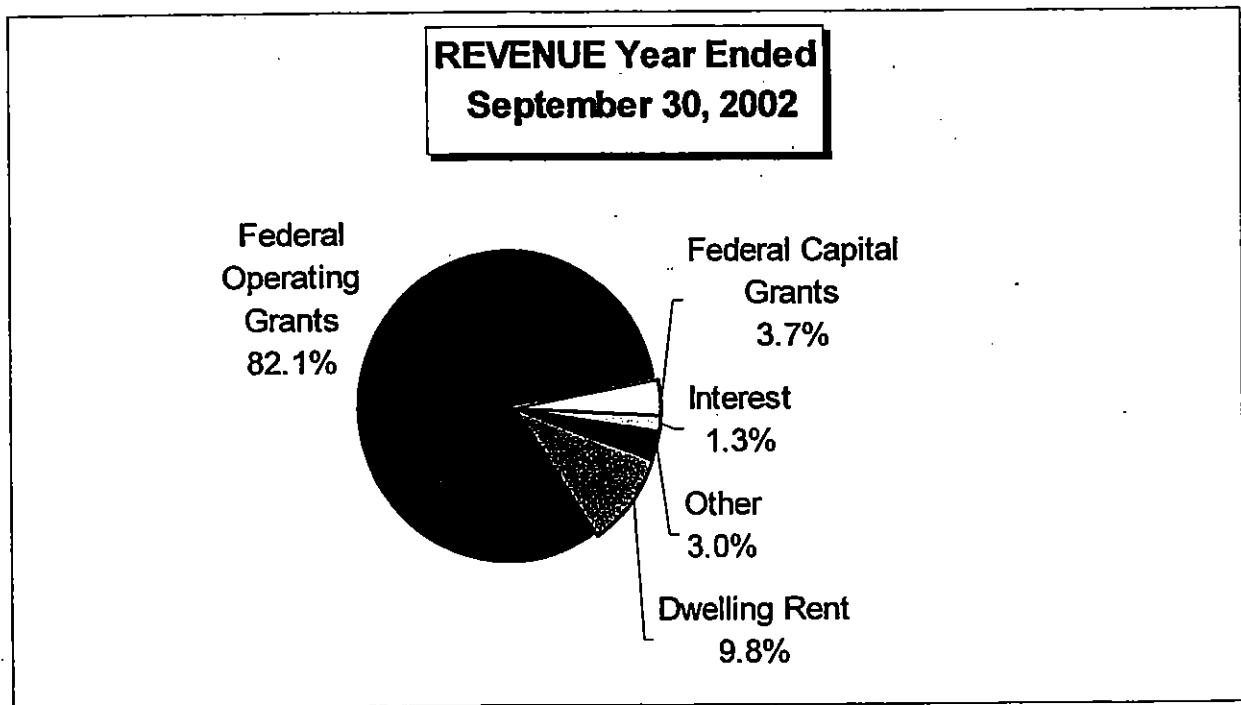
The budget for the fiscal year ending September 30, 2003 was approved by the HACSA Board on September 25, 2002. Federal funding accounts for approximately 86% of HACSA's revenues; HUD alone accounts for over 81%. As of this date, the House of Representatives has passed a HUD appropriations bill for the fiscal year ending September 30, 2003, but the Senate has not. We are very concerned about proposed major cuts to our Public Housing and Section 8 funding.

HUD has acknowledged at least a \$250 million shortfall in their FY 2002 public housing operating subsidy fund. The latest information from HUD is that this shortfall should not impact our FY 2003 funding and that next year's operating subsidy will be at or near 90% of our current funding. This would mean a reduction in next year's revenue of approximately \$175,000.

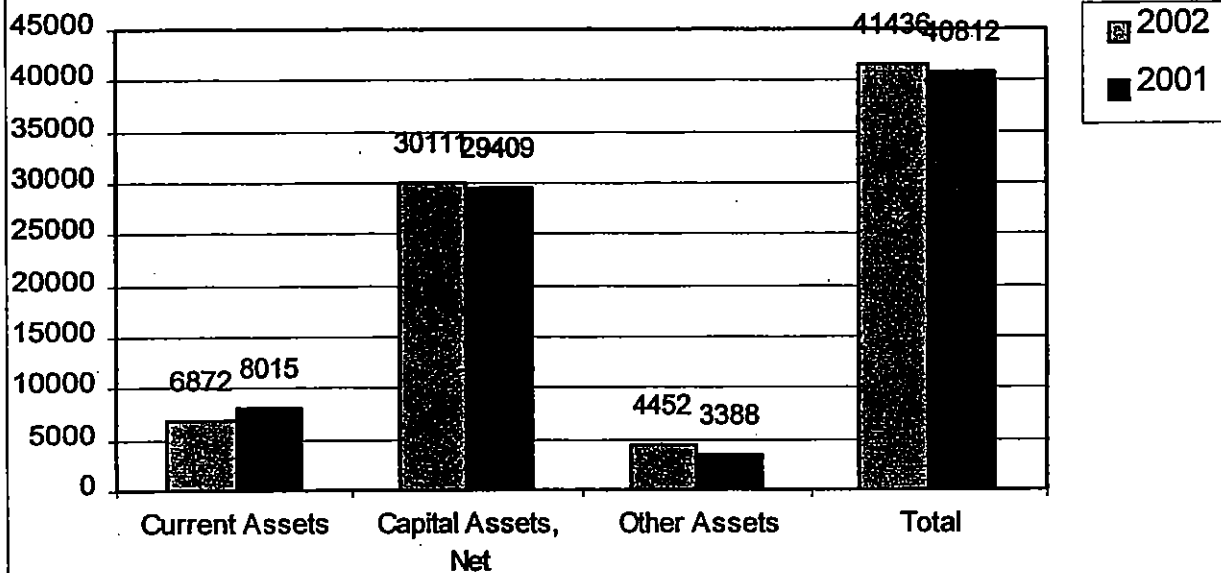
The House appropriations bill includes provisions that would result in a reduction of about 200 of our Section 8 vouchers, which puts housing for those families in extreme jeopardy. The House bill also caps the Section 8 administrative fee (at 10% of federal housing assistance payments), which would reduce next year's revenue by about \$450,000.

CONTACTING HACSA'S FINANCIAL MANAGEMENT

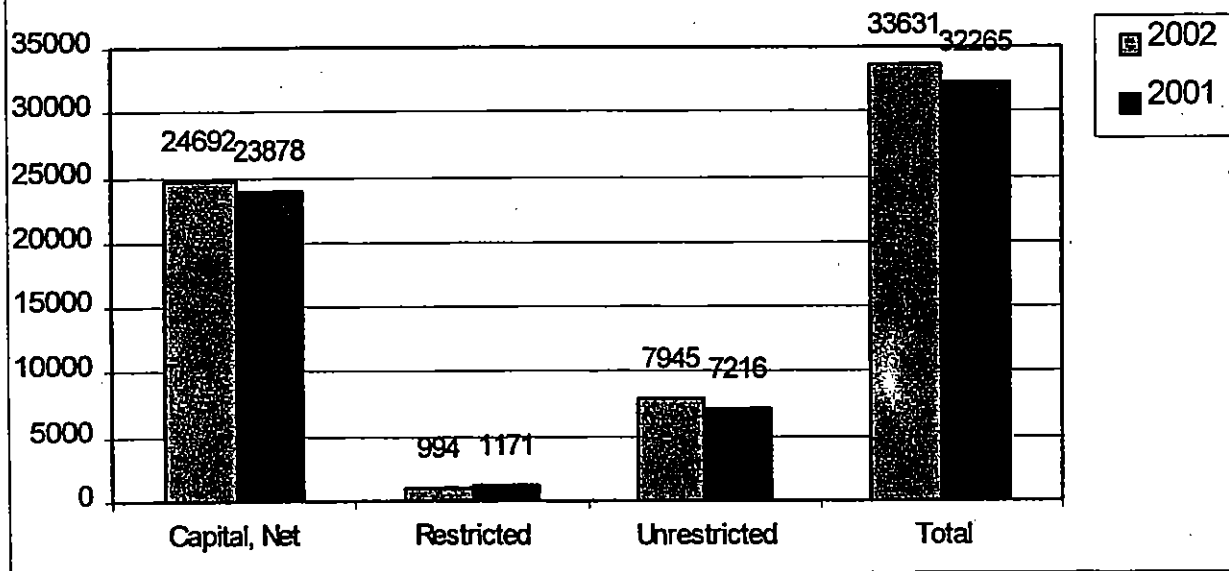
This financial report is intended to provide its readers with a general overview of HACSA's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or wish to request additional information, contact Larry Abel, Deputy Director, Housing and Community Services Agency of Lane County, 177 Day Island Road, Eugene, OR, 97401; email: label@hacsa.lane.or.us; telephone: (541) 682-2503.



~ TOTAL ASSETS ~
(in thousands of dollars)



~ NET ASSETS ~
(in thousands of dollars)



BASIC FINANCIAL STATEMENTS

HOUSING AND COMMUNITY SERVICES
AGENCY OF LAKE COUNTY
ENTERPRISE FUNDS
STATEMENT OF NET ASSETS
September 30, 2002

	Public and Section 8 Programs	Section 8 New Construction and Section 236 Housing	Community Development Funds	Total
ASSETS:				
Current Assets:				
Cash	\$ 717,376	\$ 37,625	\$ 245,850	\$ 1,000,851
Investments - unrestricted	1,204,470	-	552,109	1,756,779
Receivables:				
Accounts from tenants	3,535	4,648	17,511	25,694
Due from other funds	750,082	41,881	1,301,188	2,093,151
Due from DHUD	211,188	-	-	211,188
Current portion of long-term loans	-	-	752,292	752,292
Other receivables	86,480	-	1,791,096	1,877,576
Inventory	60,935	-	-	60,935
Prepaid expenses	64,283	3,950	124,317	192,570
Total Current Assets	3,098,349	88,104	4,784,583	7,971,036
Restricted Assets:				
Restricted investments	-	409,406	455,576	864,982
FSS escrow deposits	129,317	-	-	129,317
Total Restricted Assets	129,317	409,406	455,576	994,299
Fixed Assets, Net of Depreciation	16,791,712	6,676,324	6,643,447	30,111,483
Other Assets:				
Deposits	1,144	-	-	1,144
Loans receivable	-	-	2,321,757	2,321,757
Investments in limited partnerships	-	-	2,028,364	2,028,364
Deferred charges	-	-	73,233	73,233
Unamortized bond discount	-	-	27,728	27,728
Total Other Assets	1,144	-	4,451,082	4,452,226
Total Assets	\$ 20,020,522	\$ 7,173,834	\$ 16,334,688	\$ 43,529,044
LIABILITIES:				
Current Liabilities:				
Accounts payable	\$ 185,234	\$ 19,942	\$ 478,416	\$ 683,592
Due to other funds	697,417	50,484	1,345,250	2,093,151
Due to DHUD	29,182	-	-	29,182
Security deposits	142,976	32,910	41,360	217,246
Deferred revenue	1,014	-	449,650	450,664
Current portion of long-term debt	-	114,522	844,370	958,892
Total Current Liabilities	1,055,823	217,858	3,159,046	4,432,727
Current Liabilities Payable From Current Restricted Assets:				
FSS escrow deposits	209,449	-	-	209,449
Long-Term Liabilities:				
Bonds payable	-	-	1,070,000	1,070,000
Notes payable	-	1,708,312	2,477,678	4,185,990
Total Long-Term Liabilities	-	1,708,312	3,547,678	5,255,990
Total Liabilities	1,265,272	1,926,170	6,706,724	9,898,166
NET ASSETS:				
Invested in capital assets, net of related debt	16,791,712	4,853,490	3,046,400	24,691,602
Restricted	129,317	409,406	455,576	994,299
Unrestricted	1,834,221	(15,232)	6,125,988	7,944,977
Net Assets	18,755,250	5,247,664	9,627,964	33,630,878
Total Liabilities and Net Assets	\$ 20,020,522	\$ 7,173,834	\$ 16,334,688	\$ 43,529,044

The accompanying notes are an integral part of the financial statements.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Public and Section 8 Programs	Section 8 New Construction and Section 236 Housing	Community Development Funds	Total
OPERATING INCOME:				
Dwelling rent	\$ 1,269,437	\$ 398,335	\$ 716,290	\$ 2,384,062
Management and administration fees	-	-	2,551,140	2,551,140
Housing assistance receipts	15,066,037	-	-	15,066,037
Other income	92,841	30,423	94,153	217,417
Total Operating Income	16,428,315	428,758	3,361,583	20,218,656
OPERATING EXPENSES:				
Administration	3,210,958	243,216	1,023,284	4,477,458
Tenant services	196,920	-	222,350	419,270
Utilities	355,102	63,832	40,128	459,062
Ordinary maintenance	1,243,994	305,420	986,299	2,535,713
Protective services	29,388	7,196	-	36,584
Non-routine maintenance	95,825	-	-	95,825
General expense	123,170	33,685	58,694	215,549
Housing assistance payments	13,215,711	-	121,233	13,336,944
Depreciation	696,821	139,434	154,427	990,682
Total Operating Expenses	19,167,889	792,783	2,606,415	22,567,087
Net Operating Income (Loss)	(2,739,574)	(364,025)	755,168	(2,348,431)
NON-OPERATING INCOME (EXPENSES):				
Interest income	42,581	7,191	256,259	306,031
Loss on disposition of leasehold improvements	-	-	(5,136)	(5,136)
Interest expense	-	(109,024)	(192,726)	(301,750)
Operating grants	2,180,494	-	94,777	2,275,271
Capital grants	900,610	-	-	900,610
Subsidy income - DHUD	-	518,624	-	518,624
Net Other Income (Expense)	3,123,685	416,791	153,174	3,693,650
Net Income (Loss)	384,111	52,766	908,342	1,345,219
Net Assets - Beginning of Year	17,921,899	5,279,338	8,719,622	31,920,859
Prior Year Adjustments	105,591	(75,000)	-	30,591
Equity Transfer	343,649	-	-	343,649
Dividend Distribution to CSA Fund	-	(9,440)	-	(9,440)
Net Assets - End of Year	\$ 18,755,250	\$ 5,247,664	\$ 9,627,964	\$ 33,630,878

The accompanying notes are an integral
part of the financial statements.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LAKE COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Public and Section 8 Programs	Section 8 New Construction and Section 236 Housing	Community Development Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Dwelling rent	\$ 1,329,373	\$ 401,364	\$ 712,214	\$ 2,442,951
Management and administration fees	-	-	2,684,455	2,684,455
Housing assistance payments	15,066,037	-	-	15,066,037
Other operating receipts	92,841	30,423	94,153	217,417
Payments for operations	(5,630,994)	(730,508)	(2,379,816)	(8,741,318)
Housing assistance payments	(13,215,711)	-	(121,233)	(13,336,944)
Cash Flows Provided by (Used for) Operations	(2,358,454)	(298,721)	989,773	(1,667,402)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating grants	2,180,494	518,624	94,777	2,793,895
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Federal grants	900,610	-	-	900,610
Purchase of fixed assets	(970,894)	(36,919)	(690,658)	(1,698,471)
Dividends paid	-	(9,440)	-	(9,440)
Loan proceeds	-	-	127,678	127,678
Principal payments on long-term debt	-	(107,511)	(881,016)	(988,527)
Interest on long-term debt	-	(109,024)	(192,726)	(301,750)
Cash Flows Provided by (Used for) Financing	(70,284)	(262,894)	(1,636,722)	(1,969,900)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net purchases of investments	(4,470)	24,921	423,119	443,570
Decrease in temporary loans receivable	-	-	106,486	106,486
Interest and dividend income	42,581	7,191	256,259	306,031
Cash Flows Provided by (Used for) Investing	38,111	32,112	785,864	856,087
Increase (Decrease) in Cash and Cash Equivalents	(210,133)	(10,879)	233,692	12,680
Cash and Cash Equivalents - Beginning of Year	1,056,826	48,504	12,158	1,117,488
Cash and Cash Equivalents - End of Year	\$ 846,693	\$ 37,625	\$ 245,850	\$ 1,130,168
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Net Income (Loss) From Operations	\$ (2,739,574)	\$ (364,025)	\$ 755,168	\$ (2,348,431)
Adjustments to reconcile net income to net cash provided by operations:				
Depreciation	696,821	139,434	154,427	990,682
Prior year adjustments	105,591	(75,000)	-	30,591
(Increase) Decrease in receivables	59,936	(18,703)	86,719	127,952
(Increase) Decrease in inventory	(4,816)	-	-	(4,816)
(Increase) Decrease in deferred expenses	-	-	(21,019)	(21,019)
(Increase) Decrease in prepaid expenses	26,121	77	(67,355)	(41,157)
(Increase) Decrease in bond discount	-	-	1,992	1,992
Increase (Decrease) in accounts payable	(538,627)	18,626	94,450	(425,551)
Increase (Decrease) in security deposits	3,106	870	(5,035)	(1,059)
Increase (Decrease) in escrow deposits	31,974	-	-	31,974
Increase (Decrease) in deferred revenue	1,014	-	(9,574)	(8,560)
Net Cash Provided (Used) For Operations	\$ (2,358,454)	\$ (298,721)	\$ 989,773	\$ (1,667,402)

The accompanying notes are an integral
part of the financial statements.
(12)

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. 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 (DHUD), 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 DHUD 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.

B. Reporting Entity

All significant activities and organization over which HACSA exercises oversight responsibility have been included in the financial statements. My 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 2002.

C. Fund Accounting

The accounts of HACSA are organized on the basis of funds, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. 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 (DHUD), 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 DHUD 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.

B. Reporting Entity

All significant activities and organization over which HACSA exercises oversight responsibility have been included in the financial statements. My 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 2002.

C. Fund Accounting

The accounts of HACSA are organized on the basis of funds, each of which is a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

C. Fund Accounting - Continued

IV. Village Oaks Apartments

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

V. 14 Pines Apartments

This fund accounts for a project financed by DHUD 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 FUNDS:

VI. Agency Fund

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

VII. CSA Fund

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

VIII. Firwood Apartments

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

IX. Heeran Center

This fund 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 of \$245,000.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

C. Fund Accounting - Continued

X. Signpost House

This fund 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.

XI. Camas Apartments

This fund 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 \$574,854.

D. Budgets and Budgetary Accounting

A budget is prepared by the administrative and fiscal staff for each of the separate projects within each fund 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 Authority is not subject to Oregon Local Budget Law under ORS 294.316(8).

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied.

The accrual basis of accounting is used in all fund types of HACSA. Under the accrual basis of accounting, revenues are recorded when susceptible to accrual, that is, both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

Expenditures are recorded at the time liabilities are incurred except for principal and interest on general obligation bonds which are recorded when due.

The basis of accounting is in accordance with generally accepted accounting principles of the United States of America.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

F. Investments

Investments are stated at cost and consist of money market rate accounts, 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 approximate market value, therefore no adjustment for unrealized gain or loss has been made on these financial statements.

G. Inventories

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

H. Accounts Receivable

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

I. 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. Capitalization threshold is \$1,000.

J. Income Taxes

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

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles of 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.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 2. CASH AND INVESTMENTS:

At September 30, 2002, cash and investments were grouped in categories based on the level or risk assumed by HACSA at year end. Category 1 includes investments that are insured or registered or for which securities are held by HACSA or its agent in the HACSA's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department in HACSA's name. Category 3 includes uninsured and unregistered investments.

A. Cash

Cash balances are carried at cost. The balances at September 30, 2002 by major type are as follows:

		<u>Risk Category</u>
Uninsured (Petty Cash)	\$ 570	1
Insured by FDIC (Demand Deposits)	100,000	1
Uninsured, collateral held by depository institution (Demand Deposits)	<u>1,029,598</u>	1
Total Cash	<u>\$1,130,168</u>	

B. Investments

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

1. Obligations of the United States, agencies or instrumentalities of the United States and the States of Oregon, Washington, Idaho and California.
2. Certificates of deposit, savings accounts or share accounts held in banks, savings and loan associations, or credit unions.
3. Fixed or variable life insurance or annuity contracts.
4. Bankers acceptances.
5. Commercial paper.
6. Repurchase and reverse repurchase agreements.
7. State of Oregon Local Government Investment Pool.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 2. CASH AND INVESTMENTS - CONTINUED:

B. Investments - Continued

Investments of HACSA consist of the following:

		<u>Risk Category</u>
State of Oregon Local		
Government Investment Pool	\$ 633,038	N/A
Federally issued investments	1,204,470	1
Investments with fiscal		
agent	784,253	2
Limited partnerships	<u>2,028,364</u>	3
Total Investments	<u>\$4,650,125</u>	

The agency has established specific uses and restrictions on several of their investments. The above investments have been restricted as follows:

Section 8 New Construction and Section 236 Housing:

Abbie Lane Apartments

Tax and insurance reserve	\$ 8,895
Replacement reserve	59,947

Fourteen Pines Apartments

Insurance reserve	4,324
Grant replacement reserve	171,787
Residual receipts reserve	414

Village Oaks Apartments

Insurance reserve	2,348
Replacement reserve	<u>161,691</u>

Total Section 8 New Construction	<u>\$ 409,406</u>
----------------------------------	-------------------

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 2. CASH AND INVESTMENTS - CONTINUED

B. Investments - Continued

Community Development Funds:

CSA Fund

Neighborhood reserve \$ 53,611

Agency Fund

Walnut Park reserve 80,728

Firwood Apartments

Lease payment reserve 2,556

Bond fund P & I 62,981

Bond reserve 123,779

Note payment reserve 2,525

Heeran Center

Grant replacement reserve 92,812

Camas Apartments

Replacement reserve 36,584

Total Community Development Funds \$ 455,576

NOTE 3. RECEIVABLES:

Receivables of HACSA consist of the following:

Tenant Charges

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

DHUD

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

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 4. LOANS RECEIVABLE:

Loans receivable by HACSA result from low interest loans made to limited partnership to develop low-income housing projects.

NOTE 5. LAND, STRUCTURES AND EQUIPMENT:

Land, structures and equipment are accounted for in the individual funds in which the assets were purchased. The following is a summary of fixed asset activity by fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers & Deletions</u>	<u>Ending Balance</u>
Public Housing	\$ 30,194,397	\$ 965,075	\$ -	\$ 31,159,472
Section 8:				
Certificates	6,759	-	(6,759)	-
Vouchers	32,241	5,819	6,759	44,819
Abbie Lane	1,405,586	15,887	-	1,421,473
Village Oaks	2,554,717	18,212	-	2,572,929
14 Pines	3,778,325	2,820	-	3,781,145
Agency Fund	548,245	39,694	-	587,939
CSA Fund	1,177,134	238,701	-	1,415,835
Firwood Apartments	2,288,727	-	-	2,288,727
Heeran Center	1,550,389	12,855	(51,360)	1,511,884
Camas Apartments	908,655	256,683	-	1,165,338
Signpost House	<u>562,924</u>	<u>142,725</u>	<u>-</u>	<u>705,649</u>
Total	45,008,099	<u>\$1,698,471</u>	<u>\$ (51,360)</u>	46,655,210
Accumulated Depreciation	<u>(15,599,267)</u>	<u>\$ (990,682)</u>	<u>\$ 46,222</u>	<u>(16,543,727)</u>
Total Land, Structure and Equipment	<u>\$ 29,408,832</u>			<u>\$ 30,111,483</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 4. LOANS RECEIVABLE:

Loans receivable by HACSA result from low interest loans made to limited partnership to develop low-income housing projects.

NOTE 5. LAND, STRUCTURES AND EQUIPMENT:

Land, structures and equipment are accounted for in the individual funds in which the assets were purchased. The following is a summary of fixed asset activity by fund:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers & Deletions</u>	<u>Ending Balance</u>
Public Housing	\$ 30,194,397	\$ 965,075	\$ -	\$ 31,159,472
Section 8:				
Certificates	6,759	-	(6,759)	-
Vouchers	32,241	5,819	6,759	44,819
Abbie Lane	1,405,586	15,887	-	1,421,473
Village Oaks	2,554,717	18,212	-	2,572,929
14 Pines	3,778,325	2,820	-	3,781,145
Agency Fund	548,245	39,694	-	587,939
CSA Fund	1,177,134	238,701	-	1,415,835
Firwood Apartments	2,288,727	-	-	2,288,727
Heeran Center	1,550,389	12,855	(51,360)	1,511,884
Camas Apartments	908,655	256,683	-	1,165,338
Signpost House	<u>562,924</u>	<u>142,725</u>	<u>-</u>	<u>705,649</u>
Total	45,008,099	<u>\$1,698,471</u>	<u>\$ (51,360)</u>	46,655,210
Accumulated Depreciation	<u>(15,599,267)</u>	<u>\$ (990,682)</u>	<u>\$ 46,222</u>	<u>(16,543,727)</u>
Total Land, Structure and Equipment	<u>\$ 29,408,832</u>			<u>\$ 30,111,483</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 5. LAND, STRUCTURES AND EQUIPMENT - CONTINUED:

The Authority records depreciation on fixed assets using the straight-line method over estimated useful lives ranging from three to forty years. The following is a summary of depreciation expense reported for the current fiscal year.

Building and structures	\$ 842,391
Equipment	<u>148,291</u>
Total Depreciation Expense	<u>\$ 990,682</u>

NOTE 6. ACCOUNTS PAYABLE - DHUD:

Accounts payable to DHUD represent cash receipts in excess of annual contributions earned for the current fiscal year. This excess is repayable to DHUD at September 30, 2002.

NOTE 7. TENANT SECURITY DEPOSITS:

The following is a summary of deposits held by HACSA to tenants upon termination of rental contracts:

Public Housing	\$142,976
Abbie Lane Apartments	3,681
Village Oaks	18,106
Fourteen Pines	11,123
CSA Fund - Shelter + Care	10,625
Firwood Apartments	16,933
Signpost House	1,010
Camas Apartments	<u>12,792</u>
Total	<u>\$217,246</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 8. LONG-TERM DEBT:

For the year ending September 30, 2002 the Agency completed the following long-term debt transactions:

	Balance September 30, 2001	New Issues	Principal Retirement	Balance September 30, 2002
BONDS PAYABLE:				
Firwood Apartments				
Revenue Bonds:				
Series A	\$ 865,000	\$ -	\$ 25,000	\$ 840,000
Series B	315,000	-	50,000	265,000
Bonds Payable	<u>\$1,180,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$1,105,000</u>
NOTES PAYABLE:				
Abbie Lane				
Apartments				
Wells Fargo Bank	\$ 436,274	\$ -	\$ 31,580	\$ 404,694
State of Oregon -				
HCS	79,429	-	3,262	76,167
Total	<u>515,703</u>	<u>-</u>	<u>34,842</u>	<u>480,861</u>
Firwood Apartments				
Ralph Greenhoot	346,455	-	7,899	338,556
City of Eugene	176,464	-	6,406	170,058
Total	<u>522,919</u>	<u>-</u>	<u>14,305</u>	<u>508,614</u>
CSA Fund				
City of Eugene	45,000	-	-	45,000
City of Eugene	1,500,000	-	750,000	750,000
Centennial Bank	107,048	-	3,598	103,450
Total	<u>1,652,048</u>	<u>-</u>	<u>753,598</u>	<u>898,450</u>
Village Oaks Apartments				
FHA 126-44037	368,448	-	23,604	344,844
14 Pines Apartments				
FHA	460,525	-	28,826	431,699
City of Eugene	585,669	-	20,239	565,430
Total	<u>1,046,194</u>	<u>-</u>	<u>49,065</u>	<u>997,129</u>
LSRC Fund				
Oregon HCS	1,230,401	-	29,477	1,200,924
Oregon Dept. of				
Human Resources	24,500	-	-	24,500
Total	<u>1,254,901</u>	<u>-</u>	<u>29,477</u>	<u>1,225,424</u>
Signpost				
City of Eugene	-	127,678	4,212	123,466
Camas Apartments				
Rural Development	190,949	-	1,811	189,138
Rural Development	344,569	-	2,613	341,956
Total	<u>535,518</u>	<u>-</u>	<u>4,424</u>	<u>531,094</u>
Total Notes Payable	<u>\$5,895,731</u>	<u>\$ 127,678</u>	<u>\$ 913,527</u>	<u>\$5,109,882</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT:

The annual requirements to amortize all long-term debt outstanding as of September 30, 2002 are as follows:

Firwood Apartments - Series A Bonds

Original amount	\$ 965,000
Unpaid principal	\$ 840,000
Interest rate	5.0%-6.7%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 25,000	\$ 54,208	\$ 79,208
9-30-2004	25,000	52,720	77,720
9-30-2005	25,000	51,208	76,208
9-30-2006	30,000	49,515	79,515
9-30-2007	30,000	47,617	77,617
Thereafter	<u>705,000</u>	<u>379,098</u>	<u>1,084,098</u>
Total	<u>\$ 840,000</u>	<u>\$ 634,366</u>	<u>\$1,474,366</u>

Firwood Apartments - Series B Bonds

Original amount	\$ 470,000
Unpaid principal	\$ 265,000
Interest rate	6.7%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 10,000	\$ 17,755	\$ 27,755
9-30-2004	10,000	17,085	27,085
9-30-2005	15,000	16,080	31,080
9-30-2006	15,000	15,075	30,075
9-20-2007	15,000	13,735	28,735
Thereafter	<u>200,000</u>	<u>89,725</u>	<u>289,725</u>
Total	<u>\$ 265,000</u>	<u>\$ 169,455</u>	<u>\$ 434,455</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT - CONTINUED:

Abbie Lane Apartments - Note Payable

Original amount	\$ 759,500
Unpaid principal	\$ 404,694
Interest rate	7.25%
Annual payment	\$ 62,174

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 33,947	\$ 28,227	\$ 62,174
9-30-2004	36,491	25,683	62,174
9-30-2005	39,226	22,948	62,174
9-30-2006	42,167	20,007	62,174
9-30-2007	45,311	16,863	62,174
Thereafter	<u>207,552</u>	<u>30,779</u>	<u>238,331</u>
 Total	 <u>\$ 404,694</u>	 <u>\$ 144,507</u>	 <u>\$ 549,201</u>

Abbie Lane Apartments - Oregon Housing

Original amount	\$ 99,900
Unpaid principal	\$ 76,167
Interest rate	2.5%
Annual payment	\$ 3,457

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 3,270	\$ 187	\$ 3,457
9-30-2004	3,278	179	3,457
9-30-2005	3,287	170	3,457
9-30-2006	3,295	162	3,457
9-30-2007	3,302	155	3,457
Thereafter	<u>59,735</u>	<u>1,334</u>	<u>61,069</u>
 Total	 <u>\$ 76,167</u>	 <u>\$ 2,187</u>	 <u>\$ 78,354</u>

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT - CONTINUED:

Firwood Apartments - Ralph Greenhoot

Original amount	\$ 388,760
Unpaid principal	\$ 338,556
Interest rate	5.0%
Annual payment	\$ 25,043

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 8,303	\$ 16,740	\$ 25,043
9-30-2004	8,728	16,315	25,043
9-30-2005	9,174	15,869	25,043
9-30-2006	9,645	15,398	25,043
9-30-2007	10,146	14,897	25,043
Thereafter	<u>292,560</u>	<u>147,794</u>	<u>440,354</u>
Total	<u>\$ 338,556</u>	<u>\$ 227,013</u>	<u>\$ 565,569</u>

Firwood Apartments - City of Eugene

Original amount	\$ 206,000
Unpaid principal	\$ 170,058
Interest rate	3.5%
Annual payment	\$ 12,046

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 6,618	\$ 5,428	\$ 12,046
9-30-2004	6,836	5,210	12,046
9-30-2005	7,061	4,985	12,046
9-30-2006	7,294	4,752	12,046
9-30-2007	7,540	4,506	12,046
Thereafter	<u>134,709</u>	<u>32,939</u>	<u>167,648</u>
Total	<u>\$ 170,058</u>	<u>\$ 57,820</u>	<u>\$ 227,878</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT - CONTINUED:

Village Oaks Apartments - FHA 126-44037

Original amount	\$ 465,874
Unpaid principal	\$ 344,844
Interest rate	7.5%
Annual payment	\$ 50,437

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 25,437	\$ 25,000	\$ 50,437
9-30-2004	27,411	23,026	50,437
9-30-2005	29,539	20,898	50,437
9-30-2006	31,832	18,605	50,437
9-30-2007	34,177	16,260	50,437
Thereafter	<u>196,448</u>	<u>36,433</u>	<u>232,881</u>
Total	<u>\$ 344,844</u>	<u>\$ 140,222</u>	<u>\$ 485,066</u>

Of the above amounts, the Department of Housing and Urban Development provides an annual interest subsidy which reduces the net payment the Agency is required to make on the above loan. The subsidies provided by DHUD over the life of the loan are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 32,586
2004	32,444
2005	32,291
2006	32,126
2007	31,953
Thereafter	<u>146,461</u>
Total	<u>\$ 307,861</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT - CONTINUED:

Fourteen Pines Apartments - GMAC Commercial Mortgage

Original amount	\$ 577,996
Unpaid principal	\$ 431,699
Interest rate	7.0%
Annual payment	\$ 60,150

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 30,910	\$ 29,240	\$ 60,150
9-30-2004	33,144	27,006	60,150
9-30-2005	35,540	24,610	60,150
9-30-2006	38,110	22,040	60,150
9-30-2007	40,870	19,280	60,150
Thereafter	<u>253,125</u>	<u>47,610</u>	<u>300,735</u>
Total	<u>\$ 431,699</u>	<u>\$ 169,786</u>	<u>\$ 601,485</u>

Of the above amounts, the Department of Housing and Urban Development provides an annual interest subsidy which reduces the net payment the Agency is required to make on the above loan. The subsidies provided by DHUD over the life of the loan are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 37,590
2004	37,418
2005	37,234
2006	37,036
2007	36,821
Thereafter	<u>180,524</u>
Total	<u>\$ 366,623</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT - CONTINUED:

Fourteen Pines Apartments - City of Eugene

Original amount	\$ 750,000
Unpaid principal	\$ 565,430
Interest rate	7.0%
Annual payment	\$ 40,414

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 20,958	\$ 19,456	\$ 40,414
9-30-2004	21,704	18,710	40,414
9-30-2005	22,475	17,939	40,414
9-30-2006	23,275	17,139	40,414
9-30-2007	24,114	16,300	40,414
Thereafter	<u>452,904</u>	<u>122,942</u>	<u>575,846</u>
 Total	 <u>\$ 565,430</u>	 <u>\$ 212,486</u>	 <u>\$ 777,916</u>

Heeran Center - Oregon Housing and Community Service

Original amount	\$1,348,349
Unpaid principal	\$1,200,924
Interest rate	3.69%
Annual payment	\$ 74,383

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 30,583	\$ 43,800	\$ 74,383
9-30-2004	31,731	42,652	74,383
9-30-2005	32,922	41,461	74,383
9-30-2006	34,157	40,226	74,383
9-30-2007	35,425	38,958	74,383
Thereafter	<u>1,036,106</u>	<u>420,562</u>	<u>1,456,668</u>
 Total	 <u>\$1,200,924</u>	 <u>\$ 627,659</u>	 <u>\$1,828,583</u>

At September 30, 2002 the Heeran Center was obligated on a long-term debt to the State of Oregon in the amount of \$24,500. Repayment terms have not been determined as of September 30, 2002.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT - CONTINUED:

CSA Fund - Centennial Bank

Original amount	\$ 120,000
Unpaid principal	\$ 103,450
Interest rate	7.75%
Annual payment	\$ 11,882

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 4,025	\$ 7,857	\$ 11,882
9-30-2004	4,348	7,534	11,882
9-30-2005	4,697	7,185	11,882
9-30-2006	5,074	6,808	11,882
9-30-2007	5,476	6,406	11,882
Thereafter	<u>79,830</u>	<u>32,780</u>	<u>112,610</u>
Total	<u>\$ 103,450</u>	<u>\$ 68,570</u>	<u>\$ 172,020</u>

CSA Fund - City of Eugene

Original amount	\$750,000
Unpaid principal	\$750,000
Interest rate	-

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 750,000</u>

At September 30, 2002 the CSA Fund was obligated on a long-term debt to the City of Eugene in the amount of \$45,000. Repayment terms have not been determined as of September 30, 2002.

Signpost House - City of Eugene

Original amount	\$127,678
Unpaid principal	\$123,466
Interest rate	5.0%
Annual payment	\$ 11,112

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 5,053	\$ 6,059	\$ 11,112
9-30-2004	5,312	5,800	11,112
9-30-2005	5,584	5,528	11,112
9-30-2006	5,860	5,252	11,112
9-30-2007	6,170	4,942	11,112
Thereafter	<u>95,487</u>	<u>29,527</u>	<u>125,014</u>
Total	<u>\$ 123,466</u>	<u>\$ 57,108</u>	<u>\$ 180,574</u>

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT - CONTINUED:

Camas Apartments - Rural Development

Original amount	\$ 191,239
Unpaid principal	\$ 189,138
Interest rate	6.875%
Annual payment	\$ 14,882

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 1,953	\$ 12,929	\$ 14,882
9-30-2004	2,092	12,790	14,882
9-30-2005	2,240	12,642	14,882
9-30-2006	2,399	12,483	14,882
9-30-2007	2,570	12,312	14,882
Thereafter	<u>177,884</u>	<u>195,598</u>	<u>373,482</u>
Total	<u>\$ 189,138</u>	<u>\$ 258,754</u>	<u>\$ 447,892</u>

Of the above amounts, Rural Development provides an annual interest subsidy which reduces the net payment the Agency is required to make on the above loan. The subsidies provided by RD over the life of the loan are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 7,782
2004	7,782
2005	7,782
2006	7,782
2007	7,782
Thereafter	<u>195,208</u>
Total	<u>\$ 234,118</u>

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2002

NOTE 10. FUTURE REQUIREMENTS - LONG-TERM DEBT - CONTINUED:

Camas Apartments - Rural Development

Original amount	\$ 344,947
Unpaid principal	\$ 341,956
Interest rate	6.875%
Annual payment	\$ 26,221

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9-30-2003	\$ 2,834	\$ 23,387	\$ 26,221
9-30-2004	3,035	23,186	26,221
9-30-2005	3,250	22,971	26,221
9-30-2006	3,481	22,740	26,221
9-30-2007	3,728	22,493	26,221
Thereafter	<u>325,628</u>	<u>406,834</u>	<u>732,462</u>
Total	<u>\$ 341,956</u>	<u>\$ 521,611</u>	<u>\$ 863,567</u>

Of the above amounts, Rural Development provides an annual interest subsidy which reduces the net payment the Agency is required to make on the above loan. The subsidies provided by RD over the life of the loan are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 14,322
2004	14,322
2005	14,322
2006	14,322
2007	14,322
Thereafter	<u>385,497</u>
Total	<u>\$ 457,107</u>

SUPPLEMENTAL INFORMATION

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC HOUSING AND SECTION 8 HOUSING

FINANCIAL STATEMENTS

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
ENTERPRISE FUNDS
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PUBLIC HOUSING AND SECTION 8 PROGRAM
STATEMENT OF NET ASSETS
September 30, 2002

	Annual Contribution Contract			
	OR006MR			
	Public	Section 8	OR006VO	Total
	Housing	Moderate	Section 8	9/30/02
		Rehabilitation	Vouchers	
ASSETS:				
Current Assets:				
Cash - unrestricted	\$ 1,326	\$ -	\$ 716,050	\$ 717,376
Investments - unrestricted	904,000	7,211	293,259	1,204,470
Receivables:				
Accounts from tenants - net	3,535	-	-	3,535
Due from other funds	748,577	-	1,505	750,082
Due from DHUD	195,951	15,237	-	211,188
Other receivables	14,016	24	72,440	86,480
Inventory	60,935	-	-	60,935
Prepaid expenses	62,114	-	2,169	64,283
Total Current Assets	1,990,454	22,472	1,085,423	3,098,349
Restricted Assets:				
FSS escrow deposits	-	-	129,317	129,317
Fixed Assets:				
Land, structures and equipment - net	16,782,282	-	9,430	16,791,712
Other Assets:				
Deposits	1,144	-	-	1,144
Total Assets	\$ 18,773,880	\$ 22,472	\$ 1,224,170	\$ 20,020,522
LIABILITIES:				
Current Liabilities:				
Accounts payable	\$ 167,733	\$ -	\$ 17,502	\$ 185,235
Due to other funds	449,170	2,355	245,891	697,416
Due to DHUD	-	-	29,182	29,182
Security deposits	142,976	-	-	142,976
Deferred revenue	1,014	-	-	1,014
Total Current Liabilities	760,893	2,355	292,575	1,055,823
Current Liabilities Payable From Current Restricted Assets:				
FSS escrow deposits	80,132	-	129,317	209,449
Total Liabilities	841,025	2,355	421,892	1,265,272
NET ASSETS:				
Invested in capital assets, net of related debt	16,782,282	-	9,430	16,791,712
Restricted	-	-	129,317	129,317
Unrestricted	1,150,573	20,117	663,531	1,834,221
Net Assets	17,932,855	20,117	802,278	18,755,250
Total Liabilities and Net Assets	\$ 18,773,880	\$ 22,472	\$ 1,224,170	\$ 20,020,522

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 ENTERPRISE FUNDS
 DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 PUBLIC HOUSING AND SECTION 8 PROGRAMS
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Annual Contribution Contract			
	OR006MR			
	Section 8			
	Moderate			
	Rehabilitation			
	Public		OR006VO	Total
	Housing		Section 8	9/30/02
			Vouchers	
OPERATING INCOME:				
Dwelling rent	\$ 1,269,437	\$ -	\$ -	\$ 1,269,437
Housing assistance receipts	1,850,326	291,763	12,923,948	15,066,037
Other operating income	84,044	-	8,797	92,841
Total Operating Income	3,203,807	291,763	12,932,745	16,428,315
OPERATING EXPENSES:				
Administration	1,466,516	17,374	1,727,068	3,210,958
Tenant services	196,920	-	-	196,920
Utilities	355,102	-	-	355,102
Ordinary maintenance	1,243,994	-	-	1,243,994
Protective services	29,388	-	-	29,388
Non-routine maintenance	95,825	-	-	95,825
General expense	114,652	85	8,433	123,170
Housing assistance payments	-	291,763	12,923,948	13,215,711
Depreciation and amortization	695,458	-	1,363	696,821
Total Operating Expenses	4,197,855	309,222	14,660,812	19,167,889
Net Operating Income (Loss)	(994,048)	(17,459)	(1,728,067)	(2,739,574)
NON-OPERATING INCOME (EXPENSE):				
Interest income	17,551	289	24,741	42,581
Operating grants	286,802	28,120	1,865,572	2,180,494
Capital grants	900,610	-	-	900,610
Net Non-Operating Income (Expense)	1,204,963	28,409	1,890,313	3,123,685
Net Income (Loss)	210,915	10,950	162,246	384,111
Net Assets - Beginning of Year	17,616,349	9,167	296,383	17,921,899
Prior Year Adjustments	105,591	-	-	105,591
Equity Transfer	-	-	343,649	343,649
Net Assets - End of Year	\$ 17,932,855	\$ 20,117	\$ 802,278	\$ 18,755,250

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 STATEMENT OF MODERNIZATION COSTS - COMPLETED
 CAPITAL FUND PROGRAM
 September 30, 2002

1. The actual Modernization Costs on Modernization Project Number OR16P00670899 are as follows:

	Funds Approved	Funds Expended	Excess of Funds Approved	Funds Advanced	Funds Expended	Excess of Funds Advanced
Operations	\$ 153,119	\$ 153,119	\$ -	\$ 153,119	\$ 153,119	\$ -
Management improvements	82,746	82,746	-	82,746	82,746	-
Administration	152,968	152,968	-	152,968	152,968	-
Fees and costs	105,592	105,592	-	105,592	105,592	-
Site improvements	88,914	88,914	-	88,914	88,914	-
Dwelling structures	674,501	674,501	-	674,501	674,501	-
Dwelling equipment	11,504	11,504	-	11,504	11,504	-
Non-dwelling structures	203,072	203,072	-	203,072	203,072	-
Non-dwelling equipment	54,868	54,868	-	54,868	54,868	-
Relocation costs	3,912	3,912	-	3,912	3,912	-
Total	\$1,531,196	\$1,531,196	\$ -	\$1,531,196	\$1,531,196	\$ -

2. All modernization work in connection with this Capital Fund Program has been completed.
3. All modernization costs or liabilities therefore incurred by the Housing Authority have been fully paid.
4. There are no undercharged mechanics, laborers, contractors or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.
5. The time in which such liens could be filed has expired.

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 ENTERPRISE FUNDS
 DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 SECTION 8 NEW CONSTRUCTION AND SECTION 236 HOUSING
 STATEMENT OF NET ASSETS
 September 30, 2002

	Abbie Lane Apartments	Village Oaks Apartments	Fourteen Pines Apartments	Total 9/30/02
ASSETS:				
Current Assets:				
Cash	\$ 8,396	\$ 18,106	\$ 11,123	\$ 37,625
Accounts receivable - net	1,142	3,506	-	4,648
Due from other funds	-	-	41,881	41,881
Prepaid expenses	721	1,615	1,614	3,950
Total Current Assets	10,259	23,227	54,618	88,104
Restricted Assets:				
Investments - restricted	68,842	164,039	176,525	409,406
Fixed Assets:				
Land, structures and equipment, net of depreciation	938,767	2,311,456	3,426,101	6,676,324
Total Assets	\$ 1,017,868	\$ 2,498,722	\$ 3,657,244	\$ 7,173,834
LIABILITIES:				
Current Liabilities:				
Accounts payable	\$ 8,077	\$ 5,634	\$ 6,231	\$ 19,942
Tenant security deposits	3,681	18,106	11,123	32,910
Due to other funds	33,618	16,866	-	50,484
Current portion of long-term debt	37,217	25,437	51,868	114,522
Total Current Liabilities	82,593	66,043	69,222	217,858
Non-Current Liabilities:				
Mortgages payable	443,644	319,407	945,261	1,708,312
Total Liabilities	526,237	385,450	1,014,483	1,926,170
NET ASSETS:				
Invested in capital assets, net of related debt	457,906	1,966,612	2,428,972	4,853,490
Restricted	68,842	164,039	176,525	409,406
Unrestricted	(35,117)	(17,379)	37,264	(15,232)
Total Fund Equity	491,631	2,113,272	2,642,761	5,247,664
Total Liabilities and Fund Equity	\$ 1,017,868	\$ 2,498,722	\$ 3,657,244	\$ 7,173,834

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 ENTERPRISE FUNDS
 DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 SECTION 8 NEW CONSTRUCTION AND SECTION 236 HOUSING
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Abbie Lane Apartments	Village Oaks Apartments	Fourteen Pines Apartments	Total 9/30/02
OPERATING INCOME:				
Dwelling rental	\$ 42,474	\$ 242,768	\$ 105,788	\$ 391,030
Excess dwelling rents retained	-	6,683	622	7,305
Other tenant charges	650	6,064	6,091	12,805
Other receipts	3,861	6,918	6,839	17,618
Total Operating Income	46,985	262,433	119,340	428,758
OPERATING EXPENSES:				
Administrative expense	87,344	78,976	76,896	243,216
Utilities	9,447	32,934	21,451	63,832
Maintenance	79,513	107,668	118,239	305,420
Protective services	-	4,886	2,310	7,196
General expense	11,845	11,183	10,657	33,685
Depreciation	26,710	44,694	68,030	139,434
Total Operating Expenses	214,859	280,341	297,583	792,783
Net Operating Income (Loss)	(167,874)	(17,908)	(178,243)	(364,025)
NON-OPERATING INCOME (EXPENSE):				
Interest income	1,407	4,140	1,644	7,191
Subsidy income - DHUD	186,648	60,954	271,022	518,624
Interest expense	(30,692)	(26,833)	(51,499)	(109,024)
Net Non-Operating Income (Expense)	157,363	38,261	221,167	416,791
Net Income (Loss)	(10,511)	20,353	42,924	52,766
Net Assets - Beginning of Year	502,142	2,128,559	2,648,637	5,279,338
Prior Year Adjustments	-	(35,000)	(40,000)	(75,000)
Dividends Paid	-	(640)	(8,800)	(9,440)
Net Assets - End of Year	\$ 491,631	\$ 2,113,272	\$ 2,642,761	\$ 5,247,664

COMMUNITY DEVELOPMENT FUNDS
FINANCIAL STATEMENTS

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
ENTERPRISE FUNDS
COMMUNITY DEVELOPMENT FUNDS
STATEMENT OF NET ASSETS
September 30, 2002

	Agency Fund	CSA Fund	Firwood Apartments	Heeran Center	Signpost House	Camas Apartments	Total 9/30/02
ASSETS:							
Current Assets:							
Cash	\$ -	\$ 233,801	\$ 50	\$ -	\$ -	\$ 11,999	\$ 245,850
Investments - unrestricted	552,309	-	-	-	-	-	552,309
Tenant receivables	-	-	6,677	4,000	30	6,804	17,511
Grants receivable	-	336,232	-	-	60,000	-	396,232
Other accounts receivable	-	1,365,285	-	6,099	4,029	19,451	1,394,864
Current portion of long-term loan receivable	-	752,292	-	-	-	-	752,292
Due from other funds	586,424	254,983	342,241	117,540	-	-	1,301,188
Prepaid expenses	-	118,502	4,009	423	420	983	124,337
Total Current Assets	1,138,733	3,061,095	352,977	128,062	64,479	39,237	4,784,583
Restricted Assets:							
Investments - restricted	80,728	53,611	191,841	92,812	-	36,584	455,576
Fixed Assets:							
Equipment and structures - net	90,028	1,302,208	2,031,977	1,383,475	690,081	1,145,678	6,643,447
Other Assets:							
Loans receivable	-	2,321,757	-	-	-	-	2,321,757
Investments in limited partnerships	-	2,028,364	-	-	-	-	2,028,364
Deferred charges	-	73,233	-	-	-	-	73,233
Bond discounts - net	-	-	27,728	-	-	-	27,728
Total Other Assets	-	4,423,354	27,728	-	-	-	4,451,082
Total Assets	\$1,309,489	\$8,840,268	\$2,604,523	\$1,604,349	\$ 754,560	\$1,221,499	\$16,334,688
LIABILITIES:							
Current Liabilities:							
Accrued liabilities	\$ 419,888	\$ 14,656	\$ 37,063	\$ 2,646	\$ 760	\$ 3,403	\$ 478,416
Due to other funds	-	1,107,133	-	-	122,249	115,868	1,345,250
Tenant security deposits	-	10,625	16,933	-	1,010	12,792	41,360
Deferred revenue	-	449,650	-	-	-	-	449,650
Current portion of long-term debt	-	754,025	49,921	30,583	5,054	4,787	844,370
Total Current Liabilities	419,888	2,336,089	103,917	33,229	129,073	136,850	3,159,046
Non-Current Liabilities:							
Loans payable	-	144,425	493,692	1,194,841	118,413	526,307	2,477,678
Bonds payable	-	-	1,070,000	-	-	-	1,070,000
Total Long-Term Liabilities	-	144,425	1,563,692	1,194,841	118,413	526,307	3,547,678
Total Liabilities	419,888	2,480,514	1,667,609	1,228,070	247,486	663,157	6,706,724
NET ASSETS:							
Invested in capital assets, net of related debt	90,028	1,198,759	418,364	158,051	566,614	614,584	3,046,400
Restricted net assets	80,728	53,611	191,841	92,812	-	36,584	455,576
Unrestricted net assets	718,845	5,107,384	326,709	125,416	(59,540)	(92,826)	6,125,988
Total Fund Equity	889,601	6,359,754	936,914	376,279	507,074	558,342	9,627,964
Total Liabilities and Equity	\$1,309,489	\$8,840,268	\$2,604,523	\$1,604,349	\$ 754,560	\$1,221,499	\$16,334,688

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
ENTERPRISE FUNDS
COMMUNITY DEVELOPMENT FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Agency Fund	CSA Fund	Firwood Apartments	Heeran Center	Signpost House	Camas Apartments	Total 9/30/02
OPERATING INCOME:							
Dwelling rents	\$ -	\$ -	\$ 358,929	\$ 215,702	\$ 55,705	\$ 85,954	\$ 716,290
Management and administration fees	-	2,551,140	-	-	-	-	2,551,140
Equipment rents	72,316	-	-	-	-	-	72,316
Other income	-	-	13,712	-	864	7,261	21,837
Total Operating Income	72,316	2,551,140	372,641	215,702	56,569	93,215	3,361,583
OPERATING EXPENSES:							
Administrative expense	79	916,544	50,575	9,799	3,839	42,448	1,023,284
Tenant services	-	215,812	-	-	6,538	-	222,350
Utilities	-	-	22,639	-	5,089	12,400	40,128
Ordinary maintenance	-	697,217	91,524	73,837	35,484	88,237	986,299
General expense	-	4,450	39,674	8,180	842	5,548	58,694
Housing assistance payments	-	121,233	-	-	-	-	121,233
Depreciation	45,152	10,370	37,011	37,957	10,973	12,964	154,427
Total Operating Expenses	45,231	1,965,626	241,423	129,773	62,765	161,597	2,606,415
Net Operating Income	27,085	585,514	131,218	85,929	(6,196)	(68,382)	755,168
NON-OPERATING INCOME (EXPENSES):							
Interest income	29,798	221,287	2,797	1,580	-	797	256,259
Loss on disposition of leasehold improvements	-	-	-	(5,136)	-	-	(5,136)
Capital grant income	-	-	-	-	-	94,777	94,777
Interest expense	-	(8,284)	(99,217)	(44,861)	(3,711)	(36,653)	(192,726)
Total Non-Operating Income (Expense)	29,798	213,003	(96,420)	(48,417)	(3,711)	58,921	153,174
Net Income (Loss)	56,883	798,517	34,798	37,512	(9,907)	(9,461)	908,342
Net Assets - Beginning of Year	832,718	5,561,237	902,116	338,767	516,981	567,803	8,719,622
Net Assets - End of Year	\$ 889,601	\$6,359,754	\$ 936,914	\$ 376,279	\$ 507,074	\$ 558,342	\$9,627,964

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 ENTERPRISE FUNDS
 CSA FUND
 STATEMENT OF REVENUES AND EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	DHUD Grant Programs	Weatherization Programs	Other Programs	Total 9/30/02
OPERATING INCOME:				
Management and administration fees	\$ 422,469	\$ 1,079,749	\$ 1,048,922	\$ 2,551,140
Total Operating Income	422,469	1,079,749	1,048,922	2,551,140
OPERATING EXPENSES:				
Administration expense	77,624	484,393	354,527	916,544
Tenant services	215,812	-	-	215,812
General expense	-	2,894	1,556	4,450
Maintenance	2,571	632,878	61,768	697,217
Housing assistance payments	121,233	-	-	121,233
Depreciation	482	-	9,888	10,370
Total Operating Expenses	417,722	1,120,165	427,739	1,965,626
Total Operating Income	4,747	(40,416)	621,183	585,514
NON-OPERATING INCOME (EXPENSES):				
Interest income	-	-	221,287	221,287
Interest expense	-	-	(8,284)	(8,284)
Total Other Income	-	-	213,003	213,003
Net Income (Loss)	\$ 4,747	\$ (40,416)	\$ 834,186	\$ 798,517

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 ENTERPRISE FUNDS
 CSA FUND
 STATEMENT OF REVENUES AND EXPENSES
 DHUD GRANT FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Shelter + Care Grant	Drug Elimination	Neighborhood Network	Resident Opportunity and Supportive Services	Total 9/30/02
OPERATING INCOME:					
Grant funds	\$ 130,637	\$ 155,944	\$ 13,620	\$ 122,268	\$ 422,469
Total Operating Income	130,637	155,944	13,620	122,268	422,469
OPERATING EXPENSES:					
Administration	9,404	24,214	4,219	39,787	77,624
Tenant services	-	131,730	1,601	82,481	215,812
Maintenance	-	-	2,571	-	2,571
Housing assistance payments	121,233	-	-	-	121,233
Depreciation	-	-	482	-	482
Total Operating Expenses	130,637	155,944	8,873	122,268	417,722
Net Income (Loss)	\$ -	\$ -	\$ 4,747	\$ -	\$ 4,747

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY
 ENTERPRISE FUNDS
 CSA FUND
 STATEMENT OF REVENUES AND EXPENSES
 WEATHERIZATION PROGRAMS
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

Bonneville Power Administration		BPA		Lane Electric		EPUD		Pacific Power & Light		Department of Energy Assistance		Low-Income Energy Assistance		State Home Oil Weatherization		Miscellaneous Weatherization		Total	
BWEB	SUB	SUB	Leverage																9/30/02
\$258,714	\$ 42,456	\$197,126	\$ 3,476	\$ 23,870	\$ 8,560	\$203,757	\$321,409	\$ 3,391	\$ 16,990	\$1,079,749									
258,714	42,456	197,126	3,476	23,870	8,560	203,757	321,409	3,391	16,990	1,079,749									
73,863	24,200	68,634	1,368	6,377	6,126	132,799	161,343	425	9,258	484,393									
347	174	781	87	145	29	325	890	29	87	2,894									
245,339	50,311	40,653	13,754	27,939	13,054	70,633	159,176	2,924	9,095	632,878									
319,549	74,695	110,068	15,209	34,461	19,209	203,757	321,409	3,378	18,440	1,120,165									
\$ (60,835)	\$ (32,229)	\$ 87,058	\$ (11,733)	\$ (10,591)	\$ (10,649)	\$ -	\$ -	\$ 13	\$ (1,450)	\$ (40,416)									

OPERATING INCOME:	
Management and development fees	
Total Operating Income	
OPERATING EXPENSES:	
Administrative expenses	
General expenses	
Maintenance	
Total Operating Expenses	
Net Income (Loss)	

OPERATING INCOME:
 Management and development fees

Total Operating Income

OPERATING EXPENSES:

Administrative expenses
 General expenses
 Maintenance

Total Operating Expenses

Net Income (Loss)

FINANCIAL DATA SCHEDULES

Financial Data Schedule

Fiscal Year End 9/30/02

Line Item No.	Account Description	Business Activities	Rural Rental Assistance Payments	Interest Reduction Payments, Rental and Cooperative Housing for Lower I	N/C S/R Section 8 Programs	Federally Assisted Low-Income Housing Drug Elimination	Shelter Plus Care	Low Rent Public Housing
703	Net Tenant Rental Revenue	\$630,336	\$85,954	\$355,860	\$42,474	\$0	\$0	\$1,269,437
704	Tenant Revenue - Other	\$0	\$2,771	\$12,155	\$850	\$0	\$0	\$34,819
705	Total Tenant Revenue	\$630,336	\$88,725	\$368,015	\$43,324	\$0	\$0	\$1,304,256
706	HUD PHA Operating Grants	\$779,024	\$0	\$331,976	\$186,648	\$13,000	\$130,637	\$1,826,821
706.1	Capital Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0
708	Other Government Grants	\$108,306	\$94,777	\$0	\$0	\$0	\$0	\$0
711	Investment Income - Unrestricted	\$247,633	\$0	\$0	\$210	\$0	\$0	\$17,552
712	Mortgage Interest Income	\$1,590	\$0	\$0	\$0	\$0	\$0	\$0
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
715	Other Revenue	\$803,066	\$4,490	\$13,767	\$3,862	\$0	\$0	\$49,274
720	Investment Income - Restricted	\$8,240	\$797	\$5,785	\$1,197	\$0	\$0	\$0
700	Total Revenue	\$2,576,196	\$188,789	\$710,533	\$235,041	\$13,000	\$130,637	\$3,197,652
911	Administrative Salaries	\$399,540	\$14,490	\$57,603	\$53,077	\$0	\$5,865	\$699,516
912	Auditing Fees	\$790	\$1,300	\$2,000	\$500	\$0	\$0	\$6,000
913	Outside Management Fees	\$3,600	\$14,428	\$49,920	\$0	\$0	\$0	\$0
915	Employee Benefit Contributions - Administrative	\$152,722	\$5,075	\$27,611	\$27,062	\$0	\$3,146	\$304,436
916	Other Operating - Administrative	\$52,418	\$7,154	\$18,065	\$8,633	\$0	\$390	\$151,876
921	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$61,945
922	Relocation Costs	\$8,538	\$0	\$0	\$0	\$0	\$0	\$2,647
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$13,250
924	Tenant Services - Other	\$0	\$0	\$672	\$72	\$13,000	\$0	\$14,062
931	Water	\$5,212	\$2,030	\$11,065	\$2,159	\$0	\$0	\$48,663
932	Electricity	\$11,736	\$4,610	\$10,296	\$3,103	\$0	\$0	\$84,784
933	Gas	\$0	\$0	\$14,420	\$0	\$0	\$0	\$21,189
934	Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$69,310
935	Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$2,880
937	Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$1,458
938	Other Utilities Expense	\$10,776	\$5,760	\$18,601	\$4,185	\$0	\$0	\$126,839
941	Ordinary Maintenance and Operations - Labor	\$53,523	\$13,990	\$73,311	\$32,364	\$0	\$0	\$456,739
942	Ordinary Maintenance and Operations - Materials and Other	\$304,203	\$41,948	\$31,962	\$28,622	\$0	\$0	\$160,711
943	Ordinary Maintenance and Operations - Contract Costs	\$276,696	\$26,801	\$79,217	\$6,926	\$0	\$0	\$396,324
945	Employee Benefit Contributions - Ordinary Maintenance	\$31,257	\$5,497	\$41,417	\$11,586	\$0	\$0	\$233,617
951	Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$25,773
952	Protective Services - Other Contract Costs	\$0	\$0	\$7,196	\$0	\$0	\$0	\$0
955	Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$3,616
961	Insurance Premiums	\$9,917	\$1,677	\$10,841	\$1,067	\$0	\$0	\$25,825
962	Other General Expenses	\$36,722	\$0	\$0	\$0	\$0	\$0	\$0
963	Payments in Lieu of Taxes	\$0	\$169	\$0	\$8,772	\$0	\$0	\$78,586
964	Bad Debt - Tenant Rents	\$5,284	\$3,481	\$11,000	\$2,006	\$0	\$0	\$9,241
967	Interest Expense	\$158,072	\$36,054	\$76,332	\$30,894	\$0	\$0	\$0
969	Total Operating Expenses	\$1,617,621	\$185,285	\$543,632	\$216,843	\$13,000	\$9,404	\$2,990,474
970	Excess Operating Revenue over Operating Expenses	\$1,059,175	\$3,504	\$176,901	\$16,198	\$0	\$121,233	\$207,178
971	Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$86,473
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$8,352
973	Housing Assistance Payments	\$0	\$0	\$0	\$0	\$0	\$121,233	\$0
974	Depreciation Expense	\$140,982	\$12,984	\$112,724	\$26,710	\$0	\$0	\$895,456
900	Total Expenses	\$1,658,603	\$198,269	\$656,356	\$243,553	\$13,000	\$130,637	\$3,781,757
1007	Extraordinary Items (net gain/loss)	(\$5,138)	\$0	\$0	\$0	\$0	\$0	\$0
1010	Total Other Financing Sources (Uses)	(\$5,138)	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$913,057	(\$9,460)	\$63,277	(\$10,612)	\$0	\$0	(\$584,104)
1102	Debt Principal Payments - Enterprise Funds	\$876,593	\$4,424	\$72,666	\$34,841	\$0	\$0	\$0
1103	Beginning Equity	\$8,149,294	\$567,801	\$4,777,196	\$502,144	\$0	\$0	\$16,359,221
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	(\$84,440)	\$0	\$0	\$0	\$1,121,747
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1114	Prorate Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1120	Unit Months Available	1,440	402	1,560	300	0	156	8,448
1121	Number of Unit Months Leased	1,414	402	1,528	288	0	156	8,358

Financial Data Schedule

FISCAL YEAR END 3/31/2024

Line Item No.	Account Description	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation OR006MR0002	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Public Housing Capital Fund Program	State/Local
111	Cash - Unrestricted	\$0	\$716,050	\$0	\$0	\$0	\$0	\$0
113	Cash - Other Restricted	\$0	\$129,317	\$0	\$0	\$0	\$0	\$0
114	Cash - Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100	Total Cash	\$0	\$845,367	\$0	\$0	\$0	\$0	\$0
121	Accounts Receivable - PHA Projects	\$0	\$0	\$15,237	\$0	\$0	\$195,951	\$0
122	Accounts Receivable - HUD Other Projects	\$25,738	\$0	\$0	\$0	\$11,009	\$0	\$0
124	Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$169,898
125	Accounts Receivable - Miscellaneous	\$0	\$71,981	\$13	\$0	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$0	\$458	\$12	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$25,738	\$72,440	\$15,262	\$0	\$11,009	\$195,951	\$169,898
131	Investments - Unrestricted	\$0	\$293,258	\$7,211	\$0	\$0	\$0	\$0
132	Investments Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$0	\$2,169	\$0	\$0	\$0	\$0	\$0
143	Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$1,505	\$0	\$0	\$0	\$0	\$0
150	Total Current Assets	\$25,738	\$1,214,740	\$22,473	\$0	\$11,009	\$195,951	\$169,898
161	Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0
162	Buildings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
164	Furniture, Equipment & Machinery - Administration	\$0	\$44,816	\$0	\$0	\$0	\$0	\$0
165	Leasehold Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
166	Accumulated Depreciation	\$0	(\$35,389)	\$0	\$0	\$0	\$0	\$0
167	Construction In Progress	\$0	\$0	\$0	\$0	\$0	\$1,035,978	\$0
160	Total Fixed Assets, Net of Accumulated Depreciation	\$0	\$9,430	\$0	\$0	\$0	\$1,035,978	\$0
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0
174	Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
176	Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
180	Total Non-Current Assets	\$0	\$9,430	\$0	\$0	\$0	\$1,035,978	\$0
190	Total Assets	\$25,738	\$1,224,170	\$22,473	\$0	\$11,009	\$1,231,930	\$169,898
312	Accounts Payable <= 90 Days	\$0	\$758	\$0	\$0	\$0	\$0	\$0
321	Accrued Wage/Payroll Taxes Payable	\$0	\$16,748	\$0	\$0	\$0	\$0	\$0
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$0	\$0	\$0	\$0
325	Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$29,182	\$0	\$0	\$0	\$0	\$0
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0	\$0	\$0
341	Tenant Security Deposits	\$0	\$0	\$0	\$0	\$0	\$0	\$0
342	Deferred Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
344	Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0	\$0	\$0
347	Interprogram Due To	\$25,738	\$245,891	\$2,356	\$0	\$11,009	\$195,951	\$169,898
310	Total Current Liabilities	\$25,738	\$292,573	\$2,356	\$0	\$11,009	\$195,951	\$169,898
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
353	Noncurrent Liabilities - Other	\$0	\$129,317	\$0	\$0	\$0	\$0	\$0
350	Total Noncurrent Liabilities	\$0	\$129,317	\$0	\$0	\$0	\$0	\$0
300	Total Liabilities	\$25,738	\$421,892	\$2,356	\$0	\$11,009	\$195,951	\$169,898
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$9,430	\$0	\$0	\$0	\$1,035,978	\$0
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$129,317	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$0	\$663,531	\$20,117	\$0	\$0	\$0	\$0
513	Total Equity/Net Assets	\$0	\$802,276	\$20,117	\$0	\$0	\$1,035,978	\$0
600	Total Liabilities and Equity/Net Assets	\$25,738	\$1,224,170	\$22,473	\$0	\$11,009	\$1,231,930	\$169,898

Financial Data Schedule

Fiscal Year End 9/30/02

Line Item No.	Account Description	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation OR006MR0002	Public Housing Comprehensive Grant Program	Resident Opportunity and Supportive Services	Public Housing Capital Fund Program	State/Local
703	Net Tenant Rental Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
704	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
705	Total Tenant Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
706	HUD PHA Operating Grants	\$142,944	\$14,789,520	\$319,883	\$17,140	\$122,266	\$293,367	\$0
706.1	Capital Grants	\$0	\$0	\$0	\$46,984	\$0	\$653,646	\$0
708	Other Government Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$321,408
711	Investment Income - Unrestricted	\$0	\$24,741	\$289	\$0	\$0	\$0	\$0
712	Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
713.1	Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$
714	Fraud Recovery	\$0	\$8,787	\$0	\$0	\$0	\$0	\$
715	Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
720	Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$142,944	\$14,823,058	\$320,172	\$64,104	\$122,266	\$1,147,013	\$321,408

911	Administrative Salaries	\$17,416	\$1,059,580	\$10,703	\$18,284	\$27,129	\$185,867	\$102,493
912	Auditing Fees	\$0	\$3,980	\$40	\$0	\$0	\$0	\$150
913	Outside Management Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
915	Employee Benefit Contributions - Administrative	\$8,284	\$461,156	\$4,658	\$8,390	\$12,585	\$72,321	\$44,456
916	Other Operating - Administrative	\$512	\$202,392	\$1,873	\$13,741	\$77	\$8,080	\$14,244
921	Tenant Services - Salaries	\$0	\$0	\$0	\$56,642	\$0	\$4,610	\$0
922	Relocation Costs	\$0	\$0	\$0	\$437	\$0	\$15,680	\$0
923	Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$24,275	\$0	\$2,123	\$0
924	Tenant Services - Other	\$118,730	\$0	\$0	\$0	\$82,481	\$1,143	\$0
931	Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0
932	Electricity	\$0	\$0	\$0	\$0	\$0	\$0	\$0
933	Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0
934	Fuel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
935	Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
937	Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
938	Other Utilities Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
942	Ordinary Maintenance and Operations - Materials and Other	\$0	\$0	\$0	\$2,874	\$0	\$3,633	\$96,433
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$62,743
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
951	Protective Services - Labor	\$0	\$0	\$0	\$0	\$0	\$0	\$0
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
955	Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
961	Insurance Premiums	\$0	\$8,433	\$85	\$0	\$0	\$0	\$890
962	Other General Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
963	Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
964	Bad Debt - Tenant Rents	\$0	\$0	\$0	\$0	\$0	\$0	\$0
967	Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
969	Total Operating Expenses	\$142,944	\$1,735,501	\$17,455	\$122,731	\$122,266	\$293,367	\$321,408
970	Excess Operating Revenue over Operating Expenses	\$0	\$13,087,557	\$302,713	(\$58,627)	\$0	\$853,646	\$0
971	Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0
973	Housing Assistance Payments	\$0	\$12,923,946	\$291,763	\$0	\$0	\$0	\$0
974	Depreciation Expense	\$0	\$1,363	\$0	\$0	\$0	\$0	\$0
900	Total Expenses	\$142,944	\$14,660,812	\$309,222	\$122,731	\$122,266	\$293,367	\$321,408
1007	Extraordinary Items (net gain/loss)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$0	\$162,246	\$10,952	(\$58,627)	\$0	\$853,646	\$0

1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$0	\$296,383	\$9,167	\$1,074,783	\$0	\$182,333	\$0
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$343,646	\$0	(\$1,016,156)	\$0	\$0	\$0
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$13,781,907	\$298,152	\$0	\$0	\$0	\$0
1114	Prorate Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$2,783,446	\$307,492	\$0	\$0	\$0	\$0
1116	Total Annual Contributions Available	\$0	\$16,565,356	\$605,644	\$0	\$0	\$0	\$0
1120	Unit Months Available	0	31,176	480	0	0	0	0
1121	Number of Unit Months Leased	0	31,176	480	0	0	0	0

Financial Data Schedule

Fiscal Year End 9/30/04

Line Item No.	Account Description	Other Federal Program 1	Weatherization Assistance for Low-Income Persons	Total
111	Cash - Unrestricted	\$0	\$0	\$955,685
113	Cash - Other Restricted	\$0	\$0	\$129,317
114	Cash - Tenant Security Deposits	\$0	\$0	\$45,166
100	Total Cash	\$0	\$0	\$1,130,168
121	Accounts Receivable - PHA Projects	\$0	\$0	\$211,188
122	Accounts Receivable - HUD Other Projects	\$3,709	\$0	\$107,137
124	Accounts Receivable - Other Government	\$0	\$59,546	\$289,444
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$1,171,682
126	Accounts Receivable - Tenants - Dwelling Rents	\$0	\$0	\$30,724
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	(\$5,381)
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$752,292
128	Fraud Recovery	\$0	\$0	\$5,000
128.1	Allowance for Doubtful Accounts - Fraud	\$0	\$0	(\$4,000)
129	Accrued Interest Receivable	\$0	\$0	\$308,661
120	Total Receivables, net of allowances for doubtful accounts	\$3,709	\$59,546	\$2,666,747
131	Investments - Unrestricted	\$0	\$0	\$1,766,779
132	Investments Restricted	\$53,611	\$0	\$884,683
142	Prepaid Expenses and Other Assets	\$0	\$0	\$192,572
143	Inventories	\$0	\$0	\$80,935
143.1	Allowance for Obsolete Inventories	\$0	\$0	\$0
144	Interprogram Due From	\$0	\$0	\$2,093,151
150	Total Current Assets	\$57,320	\$59,546	\$8,665,335
161	Land	\$0	\$0	\$7,885,356
162	Buildings	\$5,228	\$0	\$35,768,061
163	Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$28,906
164	Furniture, Equipment & Machinery - Administration	\$2,525	\$0	\$1,881,106
165	Leasehold Improvements	\$0	\$0	\$0
166	Accumulated Depreciation	(\$482)	\$0	(\$16,543,727)
167	Construction in Progress	\$0	\$0	\$1,071,777
160	Total Fixed Assets, Net of Accumulated Depreciation	\$7,272	\$0	\$30,111,482
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$2,321,757
174	Other Assets	\$0	\$0	\$102,106
178	Investments in Joint Ventures	\$0	\$0	\$2,028,364
180	Total Non-Current Assets	\$7,272	\$0	\$34,563,705
190	Total Assets	\$64,592	\$59,546	\$43,529,044

312	Accounts Payable <= 90 Days	\$0	\$0	\$87,989
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$81,793
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$417,424
325	Accrued Interest Payable	\$0	\$0	\$34,578
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$29,182
333	Accounts Payable - Other Government	\$0	\$0	\$81,828
341	Tenant Security Deposits	\$0	\$0	\$217,246
342	Deferred Revenues	\$0	\$0	\$450,684
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$208,892
344	Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$760,000
347	Interprogram Due To	\$3,709	\$59,546	\$2,093,151
310	Total Current Liabilities	\$3,709	\$59,546	\$4,432,726
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$0	\$0	\$5,210,990
353	Noncurrent Liabilities - Other	\$0	\$0	\$254,448
350	Total Noncurrent Liabilities	\$0	\$0	\$5,465,438
300	Total Liabilities	\$3,709	\$59,546	\$9,898,166
508	Total Contributed Capital	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$7,272	\$0	\$24,691,600
511	Total Reserved Fund Balance	\$0	\$0	\$0
511.1	Restricted Net Assets	\$53,611	\$0	\$994,300
512.1	Unrestricted Net Assets	\$0	\$0	\$7,944,877
513	Total Equity/Net Assets	\$60,883	\$0	\$33,630,876
600	Total Liabilities and Equity/Net Assets	\$64,592	\$59,546	\$43,529,044

Financial Data Schedule

Fiscal Year End 9/30/02

Line Item No.	Account Description	Other Federal Program 1	Weatherization Assistance for Low-Income Persons	Total
703	Net Tenant Rental Revenue	\$0	\$0	\$2,384,061
704	Tenant Revenue - Other	\$0	\$0	\$50,395
705	Total Tenant Revenue	\$0	\$0	\$2,434,456
706	HUD PHA Operating Grants	\$13,620	\$0	\$18,966,647
706.1	Capital Grants	\$0	\$0	\$900,610
708	Other Government Grants	\$0	\$203,767	\$728,249
711	Investment Income - Unrestricted	\$0	\$0	\$280,425
712	Mortgage Interest Income	\$0	\$0	\$1,590
713.1	Cost of Sale of Assets	\$0	\$0	\$0
714	Fraud Recovery	\$0	\$0	\$8,797
715	Other Revenue	\$0	\$0	\$874,401
720	Investment Income - Restricted	\$0	\$0	\$14,019
700	Total Revenue	\$13,620	\$203,767	\$24,219,194

911	Administrative Salaries	\$285	\$88,934	\$2,738,762
912	Auditing Fees	\$0	\$60	\$14,800
913	Outside Management Fees	\$0	\$0	\$67,949
915	Employee Benefit Contributions - Administrative	\$10	\$36,612	\$1,166,731
916	Other Operating - Administrative	\$3,924	\$8,993	\$488,472
921	Tenant Services - Salaries	\$1,392	\$0	\$124,593
922	Relocation Costs	\$0	\$0	\$25,312
923	Employee Benefit Contributions - Tenant Services	\$209	\$0	\$39,857
924	Tenant Services - Other	\$0	\$0	\$230,251
931	Water	\$0	\$0	\$69,129
932	Electricity	\$0	\$0	\$114,534
933	Gas	\$0	\$0	\$35,609
934	Fuel	\$0	\$0	\$69,310
935	Labor	\$0	\$0	\$2,660
937	Employee Benefit Contributions - Utilities	\$0	\$0	\$1,458
938	Other Utilities Expense	\$0	\$0	\$166,162
941	Ordinary Maintenance and Operations - Labor	\$0	\$0	\$629,026
942	Ordinary Maintenance and Operations - Materials and Other	\$606	\$36,312	\$707,207
943	Ordinary Maintenance and Operations - Contract Costs	\$1,963	\$34,321	\$874,992
945	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$0	\$323,586
951	Protective Services - Labor	\$0	\$0	\$25,773
952	Protective Services - Other Contract Costs	\$0	\$0	\$7,186
955	Employee Benefit Contributions - Protective Services	\$0	\$0	\$3,616
961	Insurance Premiums	\$0	\$325	\$59,260
962	Other General Expenses	\$0	\$0	\$36,723
963	Payments in Lieu of Taxes	\$0	\$0	\$88,547
964	Bad Debt - Tenant Rents	\$0	\$0	\$31,019
967	Interest Expense	\$0	\$0	\$301,752
969	Total Operating Expenses	\$8,391	\$203,767	\$8,445,386
970	Excess Operating Revenue over Operating Expenses	\$5,228	\$0	\$15,773,808
971	Extraordinary Maintenance	\$0	\$0	\$98,473
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$9,352
973	Housing Assistance Payments	\$0	\$0	\$13,336,944
974	Depreciation Expense	\$482	\$0	\$990,683
900	Total Expenses	\$8,873	\$203,767	\$22,668,838
1007	Extraordinary Items (net gain/loss)	\$0	\$0	(\$5,136)
1010	Total Other Financing Sources (Uses)	\$0	\$0	(\$5,136)
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$4,747	\$0	\$1,345,220

1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$988,526
1103	Beginning Equity	\$2,625	\$0	\$31,820,859
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$364,800
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$14,080,059
1114	Prorate Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$3,090,941
1116	Total Annual Contributions Available	\$0	\$0	\$17,171,000
1120	Unit Months Available	0	0	43,980
1121	Number of Unit Months Leased	0	0	43,600

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
REQUIRED AUDIT COMMENTS AND DISCLOSURES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

The Minimum Standards for Audit of Oregon Municipal Corporations, prescribed by Statute and administered by the Oregon Secretary of State in cooperation with the Oregon State Board of Accountancy, stipulate the statements, schedules, comments and disclosures required to be included in audited financial statements to be filed with its office. The financial statements appear in the preceding sections of this report. The required comments and disclosures relating to the audit of such financial statements follow:

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
REQUIRED AUDIT DISCLOSURES
SEPTEMBER 30, 2002

I. Organization

The Housing and Community Services Agency of Lane County 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 (DHUD), 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 DHUD 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.

II. Internal Control

I have made a study and evaluation of the Agency's internal control structure to the extent considered necessary to satisfy generally accepted auditing standards.

My report on the Agency's internal controls appears on pages 53-60.

III. Adequacy of Accounting Records

I found the accounting records of the Agency to be adequate for the purposes of this report.

IV. Collateral Securing Bank Deposits

ORS Chapter 295 requires the depository to maintain a custodial deposit in the form of certificates of participation by a depository pool manager equal to 25% on monies on deposit in excess of those insured by the Federal Deposit Insurance Corporation. I reviewed the Agency's bank deposit and related collateral records and determined that collateral requirements were adequate to comply with ORS Chapter 295 during the year.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
REQUIRED AUDIT DISCLOSURES
SEPTEMBER 30, 2002

V. Indebtedness

Retirement of long-term indebtedness of the Agency is being accomplished within the provisions of bond indentures and loan agreements with various entities. Financing for debt retirement is provided by these federal agencies and the debts are secured by mortgages on the properties built and acquired with the bond proceeds. The bonds are not general obligations of the Agency and ad valorem taxes are not to be levied to provide for their retirement. Legal debt limits under ORS Chapter 287 are not applicable.

VI. Budgets

The Agency is excepted from the provisions of Local Budget Law under ORS 294.316(8). No taxes are authorized or being levied for operations or debt retirement. Projects are budgeted within individual funds and combined into a single consolidated budget. Budgets were prepared and approved in accordance with administrative directives and project grantor requirements and not in accordance with Local Budget Law.

VII. Insurance and Fidelity Bond Coverage

I have examined certain policies and bonds and made tests to determine that policies were in force at September 30, 2002. The coverage of public officials appears to comply with legal requirements as set forth in ORS 332.525. I am not competent by training to evaluate the adequacy of coverage.

VIII. Programs Funded From Outside Sources

The Agency operates various programs funded wholly or partially by governmental agencies. The schedule of federal financial assistance and my related reports on compliance with laws and regulations and internal controls used in administering federal assistance programs appears on pages 53-61.

IX. Investments

For the year ended September 30, 2002 the Agency invested excess monies in temporary market rate accounts. Federal government securities, and the State of Oregon Local Government Investment Pool.

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
REQUIRED AUDIT DISCLOSURES
SEPTEMBER 30, 2002

X. Public Contracts and Purchasing

I reviewed the purchasing, contracting and procurement policies of the Agency as it related to construction projects and found them to be in compliance with legal requirements.

REPORTS REQUIRED BY GAO AND OMB A-133

COMPLIANCE SUPPLEMENT

HOUSING AND COMMUNITY SERVICES
 AGENCY OF LANE COUNTY, OREGON
 SCHEDULE OF FEDERAL AWARDS EXPENDED
 FOR THE YEAR ENDED SEPTEMBER 30, 2002

Federal Grantor/Program Title	Federal CFDA Number	Amount Expended 2002
U.S. Department of Housing and Urban Development:		
Direct Payments:		
Section 8		
Moderate Rehabilitation #2	* 14.856	\$ 309,222
Vouchers	* 14.855	14,660,811
Public Housing Comprehensive Grant	14.859	64,104
Public Housing	* 14.850a	1,826,621
Shelter + Care	14.238	130,637
Public and Indian Housing Drug Elimination	14.854	142,944
Federally Assisted Low-Income Drug Elimination	14.193	13,000
N/CS/R Section 8 Programs	14.182	186,648
Interest Reduction Payments - Rental and Cooperative Housing for Lower I	* 14.103	331,976
Resident Opportunity and Supportive Services	14.870	122,268
Public Housing Capital Fund Program	14.872	<u>293,367</u>
Total Department of Housing and Urban Development		<u>18,081,598</u>
United States Department of Energy:		
Passed through the State of Oregon: Weatherization Assistance for Low Income Persons	81.042	<u>203,757</u>
United States Department of Agriculture:		
Rural Rental Assistance Payments	10.427	<u>94,777</u>
Other Federal Programs:		
Neighborhood Networks		<u>8,391</u>
Total Federal Financial Assistance		<u><u>\$ 18,388,523</u></u>

* Denotes Major Program

BILL A. KILLOUGH
CERTIFIED PUBLIC ACCOUNTANT
162 West Twelfth Avenue • Eugene, Oregon 97401
(541) 484-5718
Fax: (541) 484-6627
E-Mail: killough@televar.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT
CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Housing and Community Services
Agency of Lane County
177 Day Island Road
Eugene, Oregon 97401

I have audited the financial statements of the Housing and Community Services Agency of Lane County, for the year ended September 30, 2002, and have issued my report thereon dated January 10, 2003.

I conducted my audit in accordance with generally accepted auditing standards of the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Housing and Community Services Agency of Lane County, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and the transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with regulatory requirements to the Department of Housing and Urban Development. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of the Housing and Community Services Agency of Lane County, for the year ended September 30, 2002, I obtained an understanding of the internal control structure. With respect to the internal control structure. I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on

the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the management, and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Bue Kileough

Certified Public Accountant

Eugene, Oregon
January 10, 2003

BILL A. KILLOUGH
CERTIFIED PUBLIC ACCOUNTANT
162 West Twelfth Avenue • Eugene, Oregon 97401
(541) 484-5718
Fax: (541) 484-6627
E-Mail: killough@televar.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS**

Housing and Community Services
Agency of Lane County
177 Day Island Road
Eugene, Oregon 97401

I have audited the financial statements of the Housing and Community Services Agency of Lane County as of and for the year ended September 30, 2002 and have issued my report thereon dated January 10, 2003.

I conducted my audit in accordance with generally accepted auditing standards of the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the Housing and Community Services Agency of Lane County is the responsibility of the Agency's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express an opinion.

The results of my test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the management and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Bill Killough
Certified Public Accountant

Eugene, Oregon
January 10, 2003

BILL A. KILLOUGH
CERTIFIED PUBLIC ACCOUNTANT
162 West Twelfth Avenue • Eugene, Oregon 97401
(541) 484-5718
Fax: (541) 484-6627
E-Mail: killough@televar.com

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

Housing and Community Services
Agency of Lane County
177 Day Island Road
Eugene, Oregon 97401

I have audited the financial statements of the Housing and Community Services Agency of Lane County, for the year ended September 30, 2002 and have issued my report thereon dated January 10, 2003. I conducted my audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Housing and Community Services Agency of Lane County, Oregon's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit for the year ended September 30, 2002 I considered the Agency's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the Agency's financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control structure would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in

relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the management and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Bier Kellough

Certified Public Accountant

Eugene, Oregon
January 10, 2003

BILL A. KILLOUGH
CERTIFIED PUBLIC ACCOUNTANT
162 West Twelfth Avenue • Eugene, Oregon 97401
(541) 484-5718
Fax: (541) 484-6627
E-Mail: killough@televar.com

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Housing and Community Services
Agency of Lane County
177 Day Island Road
Eugene, Oregon 97401

I have audited the compliance of the Housing and Community Services Agency of Lane County, Oregon with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs as of and for the year ended September 30, 2002. The Housing and Community Services Agency of Lane County, Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant applicable to each of its major federal programs is the responsibility of the Agency's management. My responsibility is to express an opinion on the Agency's compliance based on my audit.

I conducted my audit in accordance with generally accepted auditing standards of the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing and Community Services Agency of Lane County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Agency's compliance with those requirements.

In my opinion, the Housing and Community Services Agency of Lane County, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal financial assistance programs for the year ended September 30, 2002.

Internal Control Over Compliance

The management of the Housing and Community Services Agency of Lane County, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit for the year ended September 30, 2002 I considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinions on the Agency's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the management and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Bice Kellough

Certified Public Accountant

Eugene, Oregon
January 10, 2003

HOUSING AND COMMUNITY SERVICES
AGENCY OF LANE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING SEPTEMBER 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS:

- A. I have issued an unqualified opinion on the financial statements of the Housing and Community Services Agency of Lane County for the year ended September 30, 2002.
- B. No reportable conditions were disclosed during my audit.
- C. No instances of noncompliance material to the financial statements were disclosed during my audit.
- D. I have issued an unqualified opinion on the compliance for major programs of the Housing and Community Services Agency of Lane County for the year ended September 30, 2002.
- E. No audit findings were disclosed during my audit.
- F. Federal programs audited as major for the year ended September 30, 2002:

Interest Reduction Payments - Rental and Cooperative
Housing for Lower I
Public Housing
Section 8 Moderate Rehabilitation II
Section 8 Voucher

- G. The threshold used to determine Type A programs from Type B programs was \$300,000.
- H. The Housing and Community Services Agency of Lane County qualifies as a low-risk auditee.

2. FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS:

For the year ended September 30, 2002 there were no audit findings required to be reported in accordance with generally accepted accounting standards.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

For the year ended September 30, 2002 there were no findings or questioned costs disclosed by my audit.

4. PRIOR YEAR AUDIT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS:

For the year ended September 30, 2001 there were no audit findings required to be reported in accordance with generally accepted governmental accounting standards.