

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

Component Unit Financial Statements
and Supplementary Information

For the Fiscal Year Ended June 30, 2022

Prepared by:

Housing Authority of Clackamas County
Finance Department

INTRODUCTORY SECTION

HOUSING AUTHORITY OF CLACKAMAS COUNTY

(A component unit of Clackamas County, Oregon)

CLACKAMAS COUNTY, OREGON

2051 Kaen Road
Oregon City, Oregon 97045

COMMISSIONERS AS OF JUNE 30, 2022

<u>Name</u>	<u>Term Expires</u>
Tootie Smith, Chair 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2024
Paul Savas, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2027
Sonya Fischer, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2022
Mark Shull, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2024
Martha Schrader, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2024
Ann Leenstra, Commissioner (Appointed) 2051 Kaen Road Oregon City, Oregon 97045	March 1, 2024

Note:

Commissioner Sonya Fisher's Term ended on December 31st, 2022,

Commissioner Paul Savas previous term ended on December 31st, 2022, and current term is from 2023-2027.

HOUSING AUTHORITY OF CLACKAMAS COUNTY

(A component unit of Clackamas County, Oregon)

CLACKAMAS COUNTY, OREGON

2051 Kaen Road
Oregon City, Oregon 97045

ADMINISTRATIVE OFFICES

Housing Authority of Clackamas County
13930 South Gain Street
Oregon City, Oregon 97045

LEGAL COUNSEL

Steven Madkour
Office of County Counsel
Clackamas County, Oregon
2051 Kaen Road
Oregon City, Oregon 97045

County Administrator

Gary Schmidt
2051 Kaen Road
Oregon City, Oregon 97045

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

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FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
Housing Authority of Clackamas County
Oregon City, Oregon

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the governmental activities and the aggregate discretely presented component units of the Housing Authority of Clackamas County, Oregon (the Authority), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Qualified Opinion on the Aggregate Discretely Presented Component Units

In our opinion, based on our report and the reports of other auditors, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of the Authority, as of June 30, 2022, and the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America. We did not audit the financial statements of Easton Ridge, LLC, Pedcor Investments 2016-CLV LP, Hillside Manor LP, or Webster Road Housing LP which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022. Except for Webster Road Housing LP, those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Easton Ridge, LLC, Pedcor Investments 2016-CLV LP, and Hillside Manor LP, are based solely on the report of the other auditors.

Unmodified Opinion on the Governmental Activities

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Housing Authority of Clackamas County, Oregon as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions. The financial statements of Easton Ridge, LLC, Pedcor Investments 2016-CLV LP, Hillside Manor LP, and Webster Road Housing LP were not audited in accordance with *Government Auditing Standards*.

Matter Giving Rise to Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of Webster Road Housing LP have not been audited, and we were not engaged to audit the Webster Road Housing LP financial statements as part of the Authority's basic financial statements. Webster Road Housing LP's financial statements are included in the Authority's basic financial statements as a discretely presented component unit and represent 10 percent, 5 percent and 0 percent of the assets, net position, and revenues, of the Authority's aggregate discretely presented component units.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the schedules of OPEB and Pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority’s basic financial statements. The supplementary information and the schedule of expenditures of federal awards, as listed on the table of contents, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated February 24, 2023, on our consideration of the Authority's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Ashley Osten, Partner
For Moss Adams LLP
Portland, Oregon
February 24, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The Management of the Housing Authority of Clackamas County (the Authority) offers readers of our financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2022. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Our assets exceeded our liabilities (net position) at the close of the fiscal year by \$61,585, an increase of \$20,881 over the prior fiscal year. Of this amount, \$25,573 (unrestricted net position) may be used to meet our ongoing obligations to provide low-cost housing.
- The Authority's total assets were \$173,480, a net increase of \$49,416 from the prior fiscal year, primarily due to an increase in notes receivable from development activity.
- Total liabilities were \$111,158, an increase of \$26,106 from the prior fiscal year primarily as a result of recording debt related to development activity.
- Net Position increased by \$20,881, due to the net of recording property acquired for development of housing units by the Authority and net of Oregon Public Employees Retirement System (OPERS) expenses for employee retirement benefits. Authority received Metro Grant in the amount of \$5,457 to fund development projects for the purpose of creating equitable housing and economic opportunities.
- Total operating revenues were \$55,628, an increase of \$16,374, mainly from an increase in Voucher income and grant activity.
- Total operating expenses were \$34,555, decrease of \$116 due primarily to the net impact of Voucher housing payments, OPERS and development expenses incurred during the year. Total non-operating expenses, net were \$755 in 2022 and \$1,905 in 2021.
- Capital contributions amounted to \$563, primarily from HUD, which were used for the acquisition of capital assets, whereas in 2021 the amount was \$488.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements consist of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows along with the notes to the basic financial statements. We encourage readers to consider the information presented here in conjunction with these financial statements.

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2022

Overview of the Financial Statements (Continued)

Complementing these statements and notes is the supplementary information, which provides additional detail about the Authority's operations.

The Statement of Net Position presents information on all the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether our financial position is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows is an analysis of the change in the Authority's cash balance during the year. The cash position may differ materially from the Statement of Revenues, Expenses and Changes in Net Position.

The basic financial statements include the following four discretely presented component units: Easton Ridge, LLC, Pedcor, Investments 2016-CLV LP, Hillside Manor LP and Webster Road Housing LP. Discretely presented component unit information can be found in the notes to the basic financial statements. Complete financial statements can be obtained from the Authority at PO Box 1510, 13930 S. Gain St., Oregon City, OR 97045, except for Webster Road Housing LP, which is unaudited.

Authority Financial Analysis

Net Position

The following provides summary of the Authority's net position for 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Assets:	\$(000's)	
Assets, excluding capital assets	\$ 159,474	\$ 109,800
Capital assets	<u>14,006</u>	<u>14,264</u>
Total assets	<u>173,480</u>	<u>124,064</u>
Deferred outflows of resources	<u>1,889</u>	<u>2,075</u>
Liabilities:		
Current liabilities	25,323	7,258
Noncurrent liabilities	<u>85,835</u>	<u>77,794</u>
Total liabilities	<u>111,158</u>	<u>85,052</u>
Deferred inflows of resources	<u>2,626</u>	<u>382</u>
Net position:		
Net investment in capital assets	10,112	10,267
Restricted	25,900	7,449
Unrestricted	<u>25,573</u>	<u>22,988</u>
Total net position	<u>\$ 61,585</u>	<u>\$ 40,704</u>

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2022

Authority Financial Analysis (Continued)

As noted earlier, net position may serve over time as a useful indicator of whether a government's financial condition is improving or declining. In the case of the Authority, assets exceeded liabilities by \$61,585 at the close of the most recent fiscal year.

Sixteen percent of the Authority's net position, \$10,112, reflects its net investment in capital assets, primarily housing, less any related debt used to acquire those assets that are still outstanding. Forty-two percent of the Authority's net position, \$25,900, consists of cash for capital replacement and cash restricted for future HAP payments. These cash reserves are producing interest revenue. The unrestricted net position of the Authority is available for future use to provide program services and the remaining debt service.

The total net position of the Authority increased by \$20,881 during the current fiscal year. Net investment in capital assets decreased by \$155, primarily due to depreciation offset by additions during the year. Restricted net position increased by \$18,451, primarily due to amounts restricted for Mainstream vouchers, debt service, and Metro Bond Fund projects. The unrestricted net position of the Authority increased by \$2,585 primarily due to development activities net of recording the impact of Oregon PERS liabilities.

Changes in Net Position

The following provides a summary of the Authority's change in net position for 2022 compared to 2021:

	<u>2022</u>	<u>2021</u>
	\$(000's)	
Operating revenues:		
Intergovernmental revenues	\$ 33,152	\$ 24,541
Rental income	2,676	2,566
Other revenue	19,800	12,147
Total operating revenues	<u>55,628</u>	<u>39,254</u>
Expenses:		
Housing assistance payments	23,257	19,497
Other operating expenses	11,298	15,174
Non-operating expense, net	755	1,905
Total expenses	<u>34,555</u>	<u>36,576</u>
Net income before contributions	20,318	2,678
Capital contributions	563	488
Change in net position	20,881	3,166
Net position, beginning of year	<u>40,704</u>	<u>37,538</u>
Net position, end of year	<u>\$ 61,585</u>	<u>\$ 40,704</u>

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2022

Authority Financial Analysis (Continued)

Operating revenues increased by \$16,374 or 41.7% over the prior year. Increases over the prior year's revenues resulted primarily from the Metro grant fees, developer fees, an increase in Voucher rental income, and increased rents in the area. Total operating expenses decreased by \$116 due primarily to a net of decreased HAP payments and costs associated with development.

Capital Asset and Debt Analysis

The Authority's total investment in capital assets decreased by \$258 from the prior fiscal year, due to depreciation offset by additions during the year. Long-term debt increased \$10,510 primarily a result of the continuation of construction work on Webster Road, a 48-unit permanent supportive housing project located in Gladstone, Oregon.

Additional information relating to capital assets and long-term debt may be found in Notes 5 and 6, respectively.

Economic Factors

A majority of the Authority's programs are dependent on federal funding. The Housing Choice voucher program (the "Program") has two primary funding components: The Housing Assistance Payment (HAP) which can only be used for rent assistance payments to landlords and the administrative fee funding to cover the costs of administering the Program. The administrative fee was funded at only ~84% of fee eligibility during the fiscal year and are further limited to the number of vouchers leased. During this fiscal year, the Program was authorized to serve 1,875 families but due to average rental assistance needed per family exceeding the HAP funding received on average per family, the Authority utilized 100% of its rental assistance dollars and was only able to serve 98% of its vouchers. COVID-19 shutdowns impacted many residents causing loss of work which increased the amount of HAP paid. The Authority has increased caseloads with reduced staff and streamlined operations, but still has been forced to subsidize administrative costs with funds from local projects which do not have federal restrictions on their use. The Authority continues to receive new awards of funding and expects relatively flat funding for HUD existing programs in the coming year. New awards with no increases in staffing would equate to more stable program cost coverage with increased administrative fees.

In May of 2020, voters in the Metro region passed the Supportive Housing Services measure (Measure 26-210). The measure will raise money for supportive housing services for people experiencing homelessness or at risk of experiencing homelessness. Clackamas County will receive 21.33% of the total revenue generated by Measure 26-210 to provide services such as: rent assistance, mental health services, addiction and recovery services, employment assistance, and peer support services. The Authority is

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2022

Economic Factors (Continued)

working in conjunction with Clackamas County and Clackamas County's department of Health, Housing and Human Services to implement Measure 26-210. In 2022 there was a decrease in SHS metro funds moved to the new Housing Division.

The Authority's Public Housing subsidy for calendar year 2022 was about 90% of subsidy eligibility while the physical needs assessment is about three times the amount funded by HUD.

Financial Contact

The financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions about the report or need additional information, please contact the Housing Authority of Clackamas County at PO Box 1510, 13930 S. Gain St., Oregon City, OR 97045.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

STATEMENT OF NET POSITION

JUNE 30, 2022

	Housing Authority of Clackamas County	Discretely Presented Component Units
	<hr/>	<hr/>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 5,724,679	\$ 2,303,427
Investments	2,627,768	-
Accounts receivable, net of allowance for doubtful accounts of \$100,928	5,487,677	144,985
Notes receivable	275,000	-
Accrued interest on notes receivable, net of allowance of \$6,194,268	1,726,045	-
Inventory	20,137	-
Other assets	282,511	497,382
Total current assets	<hr/> 16,143,817	<hr/> 2,945,794
Restricted assets:		
Cash	23,855,247	6,061,137
Investments with fiscal agent	431,544	-
Non-current assets:		
Notes receivable, net of current portion	119,042,871	-
Other assets	-	538,207
Capital assets not being depreciated	3,898,984	17,254,018
Capital assets being depreciated	10,107,275	114,277,083
TOTAL ASSETS	<hr/> 173,479,737	<hr/> 141,076,239
DEFERRED OUTFLOW OF RESOURCES	<hr/> 1,889,147	<hr/> -
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<hr/> 175,368,885	<hr/> 141,076,239
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	2,283,471	6,074,919
Tenant deposits payable from restricted assets	134,760	232,536
Unearned revenue	21,811,240	116,609
Other current liabilities payable from restricted assets	421,012	4,470,484
Current portion of long-term liabilities	672,503	14,191,202
Total current liabilities	<hr/> 25,322,986	<hr/> 25,085,750
Non-current liabilities:		
Other - notes payable	-	89,098,663
Long-term liabilities, net of current	85,834,781	-
TOTAL LIABILITIES	<hr/> 111,157,767	<hr/> 114,184,413
DEFERRED INFLOW OF RESOURCES	<hr/> 2,626,060	<hr/> -
NET POSITION:		
Net investment in capital assets	10,112,501	28,241,236
Restricted	25,899,798	4,734,903
Unrestricted	25,572,758	(6,084,313)
TOTAL NET POSITION	<hr/> <hr/> \$ 61,585,058	<hr/> <hr/> \$ 26,891,826

See notes to basic financial statements

HOUSING AUTHORITY OF CLACKAMAS COUNTY

(A component unit of Clackamas County, Oregon)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**YEAR ENDED JUNE 30, 2022**

	Housing Authority of Clackamas County	Discretely Presented Component Units
OPERATING REVENUES:		
Rental income	\$ 2,676,390	\$ 5,358,125
HUD PHA operating grants	2,648,218	-
Voucher income	21,677,004	-
Other government grants	8,826,456	-
Other income	19,799,979	50,337
Total operating revenues	55,628,047	5,408,462
OPERATING EXPENSES:		
Housing assistance payments	23,257,052	-
Administrative expenses	6,352,392	931,071
Tenant services	278,812	-
Utilities	845,803	654,105
Ordinary maintenance and operations	2,077,006	590,240
General expenses	508,024	185,447
Other expenses	403,039	-
Depreciation and amortization	833,398	2,775,041
Total operating expenses	34,555,525	5,135,904
OPERATING INCOME:	21,072,522	272,558
NON-OPERATING REVENUE (EXPENSE):		
Investment return (loss)	(35,333)	4,003
Interest expense	(719,651)	(2,151,163)
Other	-	(18,933)
Total non-operating expense	(754,984)	(2,166,093)
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	20,317,538	(1,893,535)
Capital contributions	563,181	17,373,400
CHANGE IN NET POSITION	20,880,719	15,479,865
NET POSITION, June 30, 2021	40,704,339	11,411,961
NET POSITION, June 30, 2022	\$ 61,585,058	\$ 26,891,826

See notes to basic financial statements

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	<u>Housing Authority of Clackamas County</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Received from grants	\$ 50,920,593
Received from tenants	2,627,316
Payments to suppliers	(4,347,336)
Payments for housing subsidies	(23,257,052)
Payments to employees	(5,845,417)
Other	19,737,830
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	39,835,934
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Payments received from notes	365,000
Purchase of notes	(31,591,365)
	<hr/>
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(31,226,365)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(576,469)
Capital grants received	563,181
Principal payments on long-term debt	(883,288)
Proceeds received from long-term debt	11,393,307
Interest paid on long-term debt	(719,651)
	<hr/>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	9,777,080
CASH FLOWS FROM INVESTING ACTIVITIES:	
Reinvested dividends	(35,333)
Purchases of Investments	(1,096,037)
	<hr/>
NET CASH FROM INVESTING ACTIVITIES	(1,131,370)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,255,279
CASH AND CASH EQUIVALENTS, June 30, 2021	12,324,648
	<hr/>
CASH AND CASH EQUIVALENTS, June 30, 2022	\$ 29,579,926
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:	
Operating income	\$ 21,072,522
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation and amortization	833,398
OPEB and pension expense	(118,650)
Change in assets and liabilities:	
Increase in inventory	(922)
Increase in other assets	(32,326)
Increase in accounts receivable	(62,149)
Increase in accounts payable and accrued expenses	555,417
Increase in tenant deposits	8,851
Increase in compensated absences	367,696
Decrease in other liabilities	(498,894)
Increase in unearned revenue	17,710,991
	<hr/>
NET CASH FROM OPERATING ACTIVITIES	\$ 39,835,934
	<hr/> <hr/>

See notes to basic financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

1. REPORTING ENTITY AND DESCRIPTION OF OPERATIONS

The Housing Authority of Clackamas County (the Authority) is a municipal corporation established under Oregon Revised Statutes Chapter 456 to provide low-cost housing to individuals meeting criteria established by the U.S. Department of Housing and Urban Development (HUD). As provided by statute, the Clackamas County Board of County Commissioners (the Board) is the governing body of the Authority. HUD provides the Authority with funding for the construction of low-income housing through the purchase of notes and bonds issued by the Authority and guarantees payment of the notes and bonds through grants. In addition, HUD provides rental subsidies and administrative fees for the operation of most of the programs.

The Authority, under the criteria of the Government Accounting Standards Board (GASB), is considered a component unit of Clackamas County, Oregon (the County) because the Board of County Commissioners also governs the Authority. This relationship allows the County to impose its will on the Authority. The County reports the Authority as a blended component unit since the County's H3S Department management has operational responsibility for the Authority.

The Authority is a partner in four discretely presented component unit tax credit projects:

1) Easton Ridge Apartments, a 264-unit apartment complex located in Clackamas, Oregon. Easton Ridge Apartments was financed with proceeds from bonds issued by the Authority and an equity contribution made by the Enterprise Development Corp on March 6, 2013. The Project's fiscal year-end is December 31, and its fiscal year ending December 31, 2021 is included in these basic financial statements.

2) Rosewood Terrace, a 212-unit apartment complex located in Happy Valley, Oregon. Rosewood Terrace is financed with proceeds from bonds issued by the Authority and an equity contribution made by Pedcor. Rosewood Terrace's fiscal year end is December 31, and its fiscal year ended December 31, 2021 is included as part of these basic financial statements.

3) Hillside Manor Limited Partnership (HMLP), a 100-unit apartment building in Milwaukie, Oregon. Hillside Manor is the Authority's first conversion from Public Housing under HUD's Rental Assistance Demonstration Program (RAD) and became effective June 1, 2020. HMLP's fiscal year end is December 31, and its fiscal year ending December 31, 2021 is included in these basic financial statements.

4) (Unaudited) Webster Road Housing Limited Partnership, a 48-unit apartment complex located in Gladstone, Oregon. Webster Road is financed with proceeds from various sources, including tax-exempt bonds, OHCS, Metro Housing Bond, HACC, and HOME funds. Webster Road was still under construction as of June 2022. Webster Road's fiscal year end is December 31, and its initial fiscal year ending December 31, 2021, is included in these basic financial statements.

These projects are considered a component unit and included in the Authority because, under GASB 61 guidelines, in management's professional judgment, the projects exclusion would

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YEAR ENDED JUNE 30, 2022

1. REPORTING ENTITY AND DESCRIPTION OF OPERATIONS (Continued)

render the financial statements misleading due to its close financial relationship to the Authority. Discrete presentation, as opposed to blended presentation, is appropriate as the projects are not fiscally dependent on the Authority. Certain information may be presented differently in these financial statements to conform to the presentation of the primary government than in those of separately issued component unit financial statements because the limited partnerships do not follow government accounting standards for reporting purposes. Complete financial statements may be obtained from the Authority at PO Box 1510, 13930 S. Gain St., Oregon City, OR 97045.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The basic financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Authority receives value without giving equal value in exchange, include grants and entitlements. Revenue from grants and entitlements is recognized when earned.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenues are rental charges and grant revenue. Operating expenses include housing assistance payments, tenant services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash, Cash Equivalents and Investments

The Authority's cash and cash equivalents consist of cash on hand, deposits, and short-term investments with original maturities of three months or less. ORS 294.035 authorizes the Authority to invest in general obligations of the United States and its agencies, debt obligations of the state of Oregon, California, Idaho, and Washington and their political subdivisions, banker's acceptances, corporate indebtedness, commercial paper, repurchase agreements, time certificates of deposit, fixed or variable life insurance contracts, and the State Treasurer's Local Government Investment Pool (LGIP).

Restricted cash and investments include bond fund deposits, replacement reserves, and Public Housing disposition proceeds. Bond fund deposits are held in trust by the bond trustee and are restricted for the payment of interest and principal on the bonds. Replacement reserves are held by a trustee or the Authority and are restricted for the payment of capital expenditures deemed necessary by the Authority. Disposition proceeds are held in an escrow account and are restricted to the replacement of Public Housing or project-based Vouchers. These investments are stated at amortized cost, which approximates fair value.

Accounts Receivable

Accounts receivable represent amounts due from HUD and tenants. Based on historical information, the Authority estimates the amounts due from tenants, may be uncollectible. No allowance for doubtful accounts is considered necessary for HUD receivables. Accounts receivable subject to the allowance for doubtful accounts was \$5,588,605.

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory is stated at cost (first-in, first-out method).

Capital Assets

Capital assets are recorded at the original or estimated original cost. Donated capital assets are recorded at their acquisition value on the date donated. The Authority defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Maintenance and repairs that do not add to the asset's value or materially extend the assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the estimated useful lives (ranging from five to thirty years) of the related assets.

Accrued Compensated Absences and Sick Pay

Compensated absences are recorded as a liability on the Statement of Net Position. Sick pay is not accrued as it does not vest and is paid when leave is taken.

Bond Premium, Discount, and Issuance Costs

Bond premiums and discounts are amortized on a method that approximates the effective interest method over the related bond repayment period. The unamortized bond premium is added to bonds payable. Bond issuance costs are expensed.

Long-Term Debt

Long-term debt consists of loans, notes and bonds issued to finance the construction and acquisition of low-income housing.

Deferred Inflows and Outflows of Resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and, so, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and, so, will not be recognized as an inflow of resources (revenue) until then.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits Obligations

The Authority's total OPEB liability is recognized as a long-term liability in the proprietary fund

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NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

statements. The OPEB liability is actuarially determined.

Budgets

The Authority does not have an annual appropriated budget for the year ended June 30, 2022. Budgets are created for each HUD grant to meet financial management and control objectives. The Authority utilizes these budgets as operational tools but is not required to and does not adopt a legally appropriated budget as defined by GASB. Therefore, budgetary comparisons are not reported in these financial statements.

Net Position

Net Investment in Capital Assets – This represents the Authority’s investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted – This represents resources for which the Authority is legally or contractually obligated to spend resources in accordance with restrictions imposed by third parties.

Unrestricted – Resources used for the Authority’s general operations, which aren’t restricted by third parties. When an expense is incurred that can be paid using either restricted or unrestricted resources, the Authority’s policy first applies expense toward restricted resources.

Use of Estimates

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

Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Authority considers cash and cash equivalents with remaining maturities of three months or less at the time of purchase to be cash or cash equivalents. The Authority does not consider LGIP or fiscal agent investments to be cash equivalents since the funds own investments with maturities of over three months.

Adoption of new GASB pronouncements

During the fiscal year ended June 30, 2022 the Authority implemented the following GASB pronouncements:

GASB Statement No. 87, Leases, Issued June 2017

The Authority implemented GASB 87, Leases for the year ended June 30, 2022. The adoption of this standard did not have an impact on Authority’s financial statements as all of the Authority leases are short term in nature.

HOUSING AUTHORITY OF CLACKAMAS COUNTY
 (A component unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are comprised of:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Deposits	\$ 5,724,679	\$ 23,855,247	\$ 29,579,926
Investments with Fiscal Agent	-	431,544	431,544
Oregon Treasurer's Local			
Local Government Investment Pool	2,627,768	-	2,627,768
	<u>\$ 8,352,448</u>	<u>\$ 24,286,791</u>	<u>\$ 32,639,240</u>

Deposits with Financial Institutions

Custodial credit risk on deposits is the risk that in the event of a bank or credit union failure, the Authority's deposits may not be returned. The Authority does not have a formal policy addressing custodial credit risk. In order to minimize the risk, state statutes require bank and credit unions holding public funds become members of the Oregon Public Funds Collateralization Program (PFCP), a multiple institution collateral pool created by the Office of the State Treasurer. To qualify, participating banks and credit unions must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank and credit union depositories, it does not guarantee that all funds are 100% protected. At June 30, 2022, the carrying amount of deposits was \$30,369,399 and the bank balance was \$30,369,288. Of the Authority's June 30, 2022 bank balance deposit, \$2,028,363 was covered by the FDIC and \$28,341,036 was collateralized by the PFCP.

At June 30, 2022, investments include the Oregon Treasurer's Local Government Investment Pool (LGIP). The investment in the LGIP is stated at fair value, which approximates cost and is the same as the value of its pool shares. Pool shares are not subject to leveling requirements.

The Oregon State Treasurer administers the LGIP. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local government in Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The purpose of the Board is to advise the Oregon State Treasurer in the management and investment of the LGIP. The LGIP is not currently rated by an independent rating agency.

Investments Measured at Fair Value

Per GASB Statement No. 72, Fair Value is described as an exit price. Fair Value measurements assume a transaction takes place in a government's principal market or a government's most advantageous market in the absence of a principal market. The fair

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YEAR ENDED JUNE 30, 2022

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

value also, should be measured assuming that general market participants would act in their economic best interest. Fair value does not take into consideration transaction costs.

Securities classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a variety of pricing techniques, including but not limited to fundamental analytical data related to the securities, values of baskets of securities, market interest rates, matrix calculated prices, and purchase price. Level 3 fair value is determined using significant unobservable inputs.

Cash and cash equivalents and the Oregon Short-Term funds investment pool are not measured at fair value and, thus are not subject to the fair value disclosure requirements. Investments with fiscal agent are recorded at amortized cost and as such are also not subjected to leveling requirements.

The Authority's investment policy limits investment maturities to three years as a means of managing its exposure to fair value losses arising from increasing interest rates. For purposes of this schedule, 100% of the amounts in Oregon's local government investment pool are considered to be less than 3 years to maturity.

<u>Maturity</u>	<u>Minimum %</u>	<u>Actual %</u>
Less than 1,080 days	100%	100%

Credit Risk

Oregon Revised Statutes limit the types of investments that the Authority may have. The Authority is in compliance with these statutes at June 30, 2022. The Authority is also in compliance with its investment policy. The Authority follows the County's credit risk policy which minimizes credit risk by; limiting exposure to poor credits and concentrating the investments in the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the Authority will do business; diversifying the investment portfolio so that potential losses on individual securities will be minimized; and actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc.

Custodial Credit Risk

Custodial risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2022, Authority investments in the amount of \$0 are subject to custodial credit risk.

HOUSING AUTHORITY OF CLACKAMAS COUNTY
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YEAR ENDED JUNE 30, 2022

4. NOTES RECEIVABLE

The Notes Receivable balance at June 30, 2022 is \$123,988,659. This balance resulted from the Easton Ridge asset sale to Easton Ridge LLC, amounts related to Pedcor/Rosewood Station construction, the conversion of Hillside Manor from Public Housing to a LIHTC property, construction of the Webster Road Project, and Metro bonds loaned to the Fuller Road project.

	Beginning Balance	Additions	Reductions	Ending Balance
Easton Ridge LLC notes receivable	\$ 15,113,342	\$ -	\$ (365,000)	\$ 14,748,342
Easton Ridge LLC mortgage loan receivable	15,774,389	489,006	-	16,263,395
Rosewood Station Dispo. notes receivable	1,757,475	-	-	1,757,475
Rosewood Station notes receivable	33,010,555	417,003	-	33,427,558
Hillside Manor LLC	5,821,858	257,289	-	6,079,147
Hillside Manor LLC, Sponsor Loan #1	551,051	2,551,717	-	3,102,768
Hillside Manor LLC, Construction Loan	13,591,913	939,948	-	14,531,861
Webster Road LLC, Metro Bond	2,939,209	-	-	2,939,209
Webster Road LLC, PSH Funds	1,069,472	-	-	1,069,472
Webster Road LLC, HACC Seller Loan	1,770,056	-	-	1,770,056
Webster Road LLC, Construction Loan	112,500	10,472,318	-	10,584,818
Fuller Road, Metro Bond	4,500,000	-	-	4,500,000
Good Shepherd	-	7,630,014	-	7,630,014
Maple Apartments	-	8,834,070	-	8,834,070
	<u>\$ 96,011,820</u>	<u>\$ 31,591,365</u>	<u>\$ (365,000)</u>	<u>\$ 127,238,184</u>

	Gross Notes and Interest Receivable	Uncollectible Allowance Rate	Uncollectible Allowance	Notes and Interest Receivable, net
Easton Ridge LLC notes receivable	\$ 14,748,342	0.00%	\$ -	\$ 14,748,342
Easton Ridge LLC mortgage loan receivable	16,263,395	24.22%	3,938,395	\$ 12,325,000
Rosewood Station Dispo. notes receivable	1,757,475	8.68%	152,475	\$ 1,605,000
Rosewood Station notes receivable	33,427,558	0.00%	-	\$ 33,427,558
Hillside Manor LLC	6,079,147	5.46%	331,647	\$ 5,747,500
Hillside Manor LLC, Sponsor Loan #1	3,102,768	11.79%	365,935	\$ 2,736,833
Hillside Manor LLC, Construction Loan	14,531,861	9.67%	1,405,816	\$ 13,126,045
Webster Road LLC, Metro Bond	2,939,209	0.00%	-	\$ 2,939,209
Webster Road LLC, PSH Funds	1,069,472	0.00%	-	\$ 1,069,472
Webster Road LLC, HACC Seller Loan	1,770,056	0.00%	-	\$ 1,770,056
Webster Road LLC, Construction Loan	10,584,818	0.00%	-	\$ 10,584,818
Fuller Road, Metro Bond	4,500,000	0.00%	-	\$ 4,500,000
Good Shepherd	7,630,014	0.00%	-	\$ 7,630,014
Maple Apartments	8,834,070	0.00%	-	\$ 8,834,070
	<u>\$ 127,238,184</u>		<u>\$ 6,194,268</u>	<u>\$ 121,043,916</u>

The Authority loaned \$16,603,341 of proceeds from its 2013 Series A Bond financing to Easton Ridge LLC. Easton Ridge LLC has agreed to pay the Authority amounts equal to the principal and interest requirements on the 35 year 2013 Series A Bonds of \$862,600 per year. Principal payments totaled \$365,000 in 2022. The County has provided a contingent loan

HOUSING AUTHORITY OF CLACKAMAS COUNTY
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YEAR ENDED JUNE 30, 2022

4. NOTES RECEIVABLE (Continued)

agreement in the event earnings from the project and the principal and interest reserve fund are not sufficient to pay required annual amounts. The Authority has a mortgage loan to the Project in the amount of \$12,325,000 as part of the sale agreement. The mortgage earns 3.1% interest on the outstanding balance. The mortgage repayment is contingent on available excess revenue of the project and does not have specific payment amounts or repayment time terms.

Rosewood Station is under construction, initially funded with a loan from the Authority of disposition funds in the amount of \$1,605,000 accruing simple interest at 3.0%. As of June 30, 2022 Rosewood Station had drawn down \$33,427,558 for construction which is included in the note receivable balance.

Hillside Manor was converted from Public Housing through a sale to Hillside Manor Limited Partnership. Hillside Manor LLC is a single member LLC owned by HACC as the general partner in the partnership. Upon sale Hillside Manor Limited Partnership issued a seller note for the purchase in the amount of \$2,551,717 which accrues interest at a rate of 1.15% compounded annually. The note is due on December 31, 2070. Hillside Manor also has two additional loans for construction: 1) Sponsor Loan #1 with 1% simple interest and 2) a construction loan that has drawn down \$14,531,861.

Webster Road, which is under construction, was funded with a loan from the Authority of Metro Housing Bond funds in the amount of \$2,939,209 accruing interest at 2.08% compounded annually, a sellers note in the amount of \$1,770,056 accruing interest at 2.08% compounded annually, an Oregon Permanent Supportive Housing Capital program note from the state of for \$2,400,000, of which \$1,069,472 has been drawn down with an interest rate of 0.00%, and a construction loan in the amount of \$10,584,818 as of June 30, 2022.

Fuller Road Metro Bond project under construction that is partially funded by Metro Housing Bonds issued as a loan from HACC. As of June 30, 2022 HACC had released \$4,500,000 of the \$8,570,000 of Metro Bonds for the project with simple interest accruing at a rate of 1.0%.

Good Shepherd Village Metro Bond Project under construction that is partially funded by Metro Project Housing Bond, issued a loan from first Regional Affordable Housing bond fund NOFA, has released \$7,630,014 of the \$18,330,000 accruing interest of 1% per annum compounding annually.

Maple Apartments Metro Bond Project under construction that is partially funded by Metro Housing Bond, issued a loan from first Regional Affordable Housing bond fund NOFA, has released \$8,834,070 of the \$15,903,000 accruing interest at 3.75% per annum compounding annually.

HOUSING AUTHORITY OF CLACKAMAS COUNTY
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NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Total</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital Assets not being depreciated:					
Land	\$ 3,898,984	\$ -	\$ -	\$ -	\$ 3,898,984
Total capital Assets not being depreciated	<u>3,898,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,898,984</u>
Capital Assets being depreciated:					
Buildings & Improvements	40,534,982	619,397	(68,690)	550,707	41,085,689
Furniture and equipment	753,955	32,700	(6,937)	25,763	779,718
Total Capital Assets being depreciated:	<u>41,288,937</u>	<u>652,097</u>	<u>(75,627)</u>	<u>576,470</u>	<u>41,865,407</u>
Less Accumulated depreciation:					
Building and Improvements	(30,275,811)	(812,747)	-	(812,747)	(31,088,558)
Furniture and Equipment	(648,922)	(20,652)	-	(20,652)	(669,574)
Total Accumulated depreciation	<u>(30,924,733)</u>	<u>(833,398)</u>	<u>-</u>	<u>(833,398)</u>	<u>(31,758,131)</u>
Total capital Assets being depreciated, net	<u>10,364,204</u>	<u>(181,302)</u>	<u>(75,627)</u>	<u>(256,929)</u>	<u>10,107,275</u>
Total Capital Assets, net	<u>\$14,263,188</u>	<u>\$ (181,302)</u>	<u>\$ (75,627)</u>	<u>\$ (256,929)</u>	<u>\$14,006,259</u>

Depreciation expense for the Authority was \$833,398 for the year ended June 30, 2022.

6. LONG-TERM LIABILITIES

The Authority's long term debt is comprised of mortgage notes, loans and bonds. Mortgage notes payable were incurred to purchase low income housing and are payable from rents received and the net cash flows from operations.

Loans payable totaling \$54,282 include amounts due to Farmers Home Administration and the State of Oregon for the purchase, construction, repair and improvement of property. Under terms of the agreements with the State of Oregon, a certain portion of the loans are forgiven yearly as long as the Authority operates the facilities as low-income housing. If the Authority ceases to operate these facilities as low-income housing, the loans become payable when the Authority sells the property.

The Authority has received deferred payment loans from Clackamas County for various residential rehabs of low-income properties. If the loans are defaulted by failing to conform to any covenants or conditions of the agreements, all principal and interest and all other amounts are due immediately. The loans payable to Clackamas County of \$1,613,796 were obtained to construct and purchase low income housing units. \$1,357,319 of this balance is noninterest bearing and requires no payments as long as the Authority operates the facility as low-income housing.

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NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

6. LONG-TERM LIABILITIES (Continued)

The Authority issued 2013 Series A revenue bonds in the original amount of \$16,550,000 to finance the rehabilitation of the Easton Ridge Apartments (the Project). The Series A bonds have maturities and/or mandatory redemption dates ranging from September 1, 2015 to September 1, 2049, and bear interest ranging from 1.75% to 4.0%. Interest payments are due on March 1 and September 1 of each year until the entire principal balance is retired and all accrued interest is paid. The Project's assets, all net operating income and certain other revenues of the Authority, are pledged as collateral, in an amount equal to the sum of outstanding principal and interest, or \$24,200,875. The pledge will remain in effect until the revenue bonds are paid in full. As of June 30, 2022 pledged debt service was \$863,175 for the coming year. The Authority received pledged interest in the amount of \$489,006 for 2013 Series A bond interest at June 30, 2022. Pursuant to the bond documents, the Authority is subject to certain restrictive covenants related to the use of bond proceeds and other funds provided by operations of the Project. The contingent loan agreement with the County requires Easton Ridge LLC to maintain a 1.10 to 1.0 debt service coverage once the project achieves stabilization. The operating agreement requires that in order to eliminate the operating deficit contribution requirement, the Authority establish and collect rents sufficient to produce a required debt service coverage on the Series A bonds of at least 1.20 to 1 for two consecutive years, beginning at least three years after project stabilization. A failure to maintain the above ratios does not constitute a default. Amount outstanding on the 2013 Series A revenue bonds was \$14,550,007 as of June 30, 2022.

Rosewood Station construction continued with draws against the construction bonds during the year ended June 30, 2022. These bonds bear interest at 2.25%, per annum through April 1, 2022. Commencing May 1, 2021, the interest rate is LIBOR plus 0.75% provided the rate shall never be less than 3.00% or greater than 8.00%, per annum. Amount outstanding at June 30, 2022 was \$33,427,558.

Clayton Mohr Commons is 24 units of veteran housing has a mortgage of \$1,997,014 bearing an interest rate of 5.5%. Principal and interest are due monthly based on a 30 year amortization. The mortgage has a 20 year term and is due in July 2040.

Webster Road began construction in June 2021 and had draws against the construction loans during the year ended June 30, 2022. These loans bear interest at LIBOR plus 2.00%, per annum. Amount outstanding at June 30, 2022 was \$16,363,555.

Hillside Manor is a 100 unit Public Housing conversion undergoing an occupied rehabilitation. Draws against the construction loans totaled \$14,775,006 bearing an interest rate of 2.50% at June 30, 2022.

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YEAR ENDED JUNE 30, 2022

6. LONG-TERM LIABILITIES (Continued)

Changes in long-term debt are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Loans Payable (Interest 0% to 1%)	\$ 53,961	\$ 321	\$ -	\$ 54,282
Mortgage Notes Payable (Interest 2% to 11%)	2,325,628	-	(328,614)	1,997,014
Loans Payable to Clackamas County	1,616,988	-	(3,192)	1,613,796
Rosewood Station Construction Bonds	33,010,555	417,003	-	33,427,558
Hillside Manor Construction Bonds	14,271,341	503,665	-	14,775,006
Webster Road Construction Bonds	5,891,237	10,472,318	-	16,363,555
2013 Easter Ridge A Bonds Payable (Interest 1.75% to 4.0%)	15,060,000		(550,000)	14,510,000
Bond Premium	41,489	-	(1,482)	40,007
	<u>15,101,489</u>	<u>-</u>	<u>(551,482)</u>	<u>14,550,007</u>
Total	<u>\$ 72,271,199</u>	<u>\$ 11,393,307</u>	<u>\$ (883,288)</u>	<u>\$ 82,781,218</u>

Future maturities are as follows:

Fiscal Year	Loans Payable	Mortgage Notes Payable	Loan Payable to Clackamas County	Construction Bonds	2013 A Easton Ridge Bonds Payable	Total	Interest
2023	\$ -	\$ 7,705	\$ -	\$ -	\$ 275,000	\$ 282,705	\$ 421,012
2024	15,532	49,351	42,824	-	295,000	402,707	573,369
2025	-	50,502	43,687	-	310,000	404,189	560,211
2026	-	49,091	44,570	-	320,000	413,661	543,975
2027-2031	-	200,570	125,396	-	1,800,000	2,125,966	2,047,994
2032-2036	-	296,341	-	-	2,150,000	2,446,341	2,351,250
2037-2041	-	1,343,454	-	-	2,600,000	3,943,454	1,852,000
2042-2046	-	-	-	-	3,150,000	3,150,000	1,284,200
2047-2051	-	-	-	-	3,650,007	3,650,007	1,391,031
Undetermined	38,750	-	1,357,319	64,566,119	-	65,962,188	-
	<u>\$ 54,282</u>	<u>\$ 1,997,014</u>	<u>\$ 1,613,796</u>	<u>\$ 64,566,119</u>	<u>\$ 14,550,007</u>	<u>\$ 82,781,218</u>	<u>\$ 11,025,042</u>

None of the above agreements are subject to federal arbitrage regulations.

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6. LONG-TERM LIABILITIES (Continued)

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 389,945	\$ 389,799	\$ (22,103)	\$ 757,641	\$ 389,798
Total OPEB Liability	274,829	-	37,465	312,294	-
Net Pension Liability	5,203,232	-	(2,547,101)	2,656,131	-
Loans & Notes Payable	3,996,577	321	(331,806)	3,665,092	7,705
Bonds Payable	68,274,622	11,392,986	(551,482)	79,116,126	275,000
Total	<u>\$ 78,139,205</u>	<u>\$ 11,783,106</u>	<u>\$ (3,415,027)</u>	<u>\$ 86,507,284</u>	<u>\$ 672,503</u>

7. PENSION PLAN

General Information about the Pension Plan

Name of the pension plan: The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan.

Plan description. Employees of the Authority are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. OPERS issues a publicly available financial report

that can be obtained at <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-ACFR.pdf>.

Benefits provided under Chapter 238-Tier One / Tier Two

Pension Benefits. The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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7. PENSION PLAN (Continued)

1. *Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a OPERS employer at the time of death,
- Member died within 120 days after termination of OPERS-covered employment,
- Member died as a result of injury sustained while employed in a OPERS-covered job, or
- Member was on an official leave of absence from an OPERS-covered job at the time of death.

2. *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

3. *Benefit Changes After Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on

1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB).

1. *Pension Benefits.* The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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7. PENSION PLAN (Continued)

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

4. *Benefit Changes After Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

Contributions:

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2022 were \$588,815.

Actuarial Valuations:

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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7. PENSION PLAN (Continued)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July 24, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disable retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

Discount Rate:

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension

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7. PENSION PLAN (Continued)

plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses. *Assumed Asset Allocation:*

Asset Class/Strategy	Target Allocation	
Cash	0.0	%
Debt Securities	20.0	
Public Equity	32.5	
Private Equity	17.5	
Real Estate	12.5	
Alternative Equity	15.0	
Risk Parity	2.5	
Total	100.0	%

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7. PENSION PLAN (Continued)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

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7. PENSION PLAN (Continued)

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	Rate 1% Decrease (5.90%)	Discount Rate (6.90%)	Rate 1% Increase (7.90%)
Proportionate share of the net pension liability	\$5,203,262	\$2,656,131	\$514,445

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Authority reported a liability of \$2,656,131 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021.

The Authority's proportion of the net pension liability was based on the Authority's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the Unfunded Actuarial

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7. PENSION PLAN (Continued)

3. Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.

Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings.

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is just their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. For example, if the employer's payroll is one percent of the pool's total payroll, the employer will be allocated one percent of the pool's UAL. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with OPERS (referred to as side accounts or transitional liability or surplus), adjustments are required. After each employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's side account, transitional liability/surplus, and pre-SLGRP liability/surplus (if any). This is done as those balances increase/decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

At June 30, 2022, the Authority's proportion was 0.02219643 percent.

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7. PENSION PLAN (Continued)

For the year ended June 30, 2022, the Authority recognized pension expense of \$336,720. On June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$248,631	\$ -
Changes of assumptions	664,910	6,990
Net difference between projected and actual earnings on investments	-	1,966,131
Changes in proportionate share	128,113	378,105
Differences between employer contributions and proportionate share of system contributions	218,594	-
Total (prior to post-measurement date contributions)	1,260,248	2,351,408
Contributions made subsequent to measurement date	588,815	-
Total Deferred Outflow/Inflow of Resources	\$1,891,063	2,351,408
Net Deferred Outflow/(Inflow) of Resources		\$(460,345)

\$588,815 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) determined at July 1, 2019, the beginning of the measurement period ended June 30, 2021, is 5.3 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
Fiscal Year 2023	\$(203,300)
Fiscal Year 2024	(201,500)
Fiscal Year 2025	(256,588)
Fiscal Year 2026	(481,336)
Fiscal Year 2027	51,563
Total	\$(1,091,160)

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7. PENSION PLAN (Continued)

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The Authority has chosen to pay the employees contributions to the plan. 6 percent of covered payroll is paid for general service employees and 9 percent of covered payroll is paid for firefighters and police officers. Contributions for the year were \$194,637.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. General Information about the OPEB Plan

Plan name: Retiree Implicit Medical Benefit Plan

Plan description: The Authority administers a single-employer defined benefit healthcare plan per the requirements of a collective bargaining agreement. Per Oregon State law, the plan provides the opportunity for post-retirement healthcare insurance for eligible retirees and their spouses through the Authority's group health insurance plans which cover both active and retired participants. The Authority does not pay any portion of the retiree's healthcare insurance; however, the retired employee receives an implicit benefit of a lower healthcare premium which is spread among the cost of active employee premiums.

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8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The Authority has not established a trust fund to supplement the costs for the other post-employment benefit (OPEB) liability related to this implicit benefit. The Authority pays none of the premium of health insurance coverage for retirees from age 58 to age 65. The Authority's regular healthcare benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

The Authority's annual OPEB cost is calculated based on an amount actuarially determined in accordance with the guidance of GASB Statement No. 75. The Authority is included in the Clackamas County Actuarial Valuation report.

Total OPEB Liability

The Authority's total OPEB liability of \$312,294 was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	3.69%
Salary increases	3.00%
General inflation rate	2.50%

The discount rate was based on the Fidelity High Grade 20 Year General Obligation Municipal Bond Index.

The demographic actuarial assumptions used in the valuation are based on the 2021 experience study of the Oregon Public Employees Retirement System, except for the different basis used to project future mortality improvements.

Mortality rates were based on the MacLeod Watts Scale 2021.

Changes in the Total OPEB Liability and related ratios

		Total OPEB Liability
Balance at 6/30/21		\$ 274,829
Changes during year		
	Service cost	21,997
	Interest	5,624
	Changes in assumptions	17,693
	Benefit payments	(7,849)
Balance at 6/30/22		\$ 312,294

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8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Total OPEB liability as a percentage of covered employee payroll was 7.72%.

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate. The discount rate used for the fiscal year end 2022 is 3.69%. Healthcare cost trend rate was assumed to start at 5.7% (effective January 2022) and arrive an ultimate rate of 4.0% for years 2076 and later. The impact of a 1% increase or decrease in these assumptions is shown in the chart below:

Change in Discount Rate	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB Liability	\$329,419	\$312,294	\$247,400

Change in Healthcare Cost Trend Rate	1% Decrease In Current Trend	Current Trend	1% Increase In Current Trend
Total OPEB Liability	\$237,806	\$312,294	\$342,654

Deferred Inflows and Outflows as of Fiscal Year End and Expected Future Recognition

The table below shows deferred resources as of the fiscal year end June 30, 2022.

HACC Members Implicit	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 16,228	\$ 28,615
Differences Between Expected and Actual Experience	-	91,774
Total	\$ 16,228	\$ 120,389

In addition, future recognition of these deferred inflows and outflows of resources is shown below.

For Fiscal Year Ending June 30	HACC Members Implicit
2023	\$ (12,791)
2024	(12,791)
2025	(12,791)
2026	(12,791)
2027	(12,791)
Thereafter	(40,206)
Total	\$ (104,161)

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8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

B. Retirement Health Insurance Account (RHIA)

Due to the immaterial nature of GASB Statement No. 75 as it relates to the Authority's exposure under the Oregon Public Employees Retirement System (OPERS) RHIA, the Authority has chosen not to disclose RHIA under this GASB Statement.

The Authority contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees.

Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA resides with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

For fiscal year 2022, participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The Authority's contributions to RHIA for the years ended June 30, 2022 were \$1,052, which equaled the required contribution for the year.

9. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. The Authority does not engage in risk financing activities where the risk is retained (self-insurance) by the Authority. For the past three years, insurance coverage has been sufficient to cover any losses.

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

10. COMMITMENTS

The Authority has no construction and legal commitments under contracts at June 30, 2021. The Authority has a commitment to cover up to \$922,000 of operating deficits for Easton Ridge LLC for at least the next three years.

11. DISCRETELY PRESENTED COMPONENT UNITS

Combining financial information for the discretely presented component units at December 31, 2021 are as follows:

	Easton Ridge LLC	Pedcor Investments 2016-CLV LP	Hillside Manor LP	(Unaudited) Webster Road Housing LP	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 1,661,331	\$ 534,091	\$ 95,592	\$ 12,413	\$ 2,303,427
Accounts receivable	60,120	-	84,865	-	144,985
Other assets	98,889	366,382	32,111	-	497,382
Total current assets	1,820,340	900,473	212,568	12,413	2,945,794
Restricted assets:					
Cash	3,710,429	78,779	577,589	1,694,340	6,061,137
Non-current assets:					
Other assets	-	-	-	538,207	538,207
Capital assets not being depreciated	-	-	-	-	-
depreciated	3,236,221	3,917,276	-	10,100,521	17,254,018
Capital assets being depreciated	27,506,963	58,649,686	26,186,378	1,934,056	114,277,083
TOTAL ASSETS	36,273,953	63,546,214	26,976,535	14,279,537	141,076,239
LIABILITIES:					
Current liabilities:					
Accounts payable and accrued expenses	18,569	757,769	3,477,447	1,821,134	6,074,919
Tenant deposits payable from restricted assets	149,409	72,696	10,431	-	232,536
Unearned revenue	90,347	-	26,262	-	116,609
Other current liabilities payable	4,412,737	-	-	57,747	4,470,484
Current portion of long-term debt	-	-	14,191,202	-	14,191,202
Total current liabilities	4,671,062	830,465	17,705,342	1,878,881	25,085,750
Other - notes payable	27,608,858	42,057,006	8,299,217	11,133,582	89,098,663
TOTAL LIABILITIES	32,279,920	42,887,471	26,004,559	13,012,463	114,184,413
NET POSITION:					
Net investment in capital assets	3,134,326	20,509,956	3,695,959	900,995	28,241,236
Restricted	3,710,429	78,779	577,589	368,106	4,734,903
Unrestricted	(2,850,722)	70,008	(3,301,572)	(2,027)	(6,084,313)
TOTAL NET POSITION	\$ 3,994,033	\$ 20,658,743	\$ 971,976	\$ 1,267,074	\$ 26,891,826

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)
NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

11. DISCRETELY PRESENTED COMPONENT UNITS (Continued)

	Easton Ridge LLC	Pedcor Investments 2016-CLV LP	Hillside Manor LP	(Unaudited) Webster Road Housing LP	Total
OPERATING REVENUES:					
Rental income	\$ 2,843,233	\$ 1,641,478	\$ 873,414	\$ -	\$ 5,358,125
Other income	47,569	-	2,768	-	50,337
Total operating revenues	<u>2,890,802</u>	<u>1,641,478</u>	<u>876,182</u>	<u>-</u>	<u>5,408,462</u>
OPERATING EXPENSES:					
Administrative expenses	389,176	364,011	177,884	-	931,071
Utilities	339,391	111,489	203,225	-	654,105
Ordinary maintenance and operations	398,044	85,380	106,816	-	590,240
General expenses	148,271	14,328	22,848	-	185,447
Depreciation and amortization	929,735	1,461,278	384,028	-	2,775,041
Total operating expenses	<u>2,204,617</u>	<u>2,036,486</u>	<u>894,801</u>	<u>-</u>	<u>5,135,904</u>
OPERATING INCOME (LOSS)	<u>686,185</u>	<u>(395,008)</u>	<u>(18,619)</u>	<u>-</u>	<u>272,558</u>
NON-OPERATING REVENUE (EXPENSE):					
Interest income	3,972	31	-	-	4,003
Interest expense	(1,093,621)	(936,626)	(120,916)	-	(2,151,163)
Other	2,086	-	(23,046)	2,027	(18,933)
Total non-operating revenue (expense)	<u>(1,087,563)</u>	<u>(936,595)</u>	<u>(143,962)</u>	<u>2,027</u>	<u>(2,166,093)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	<u>(401,378)</u>	<u>(1,331,603)</u>	<u>(162,581)</u>	<u>2,027</u>	<u>(1,893,535)</u>
Capital contributions (distributions)	<u>-</u>	<u>17,373,400</u>	<u>-</u>	<u>-</u>	<u>17,373,400</u>
CHANGE IN NET POSITION	<u>(401,378)</u>	<u>16,041,797</u>	<u>(162,581)</u>	<u>2,027</u>	<u>15,479,865</u>
NET POSITION at beginning of the year	<u>4,395,411</u>	<u>4,616,946</u>	<u>1,134,557</u>	<u>1,265,047</u>	<u>11,411,961</u>
NET POSITION at end of the year	<u>\$ 3,994,033</u>	<u>\$ 20,658,743</u>	<u>\$ 971,976</u>	<u>\$ 1,267,074</u>	<u>\$ 26,891,826</u>

12. SUBSEQUENT EVENTS

On August 18, 2022, the Board of Commissioners approved loaning \$3,000,000 to MHNW 20 Marylhurst LP to finance its purchase Marylhurst Commons. The project will consist of 100 one- to three-bedrooms units, including 40 units of Permanent Supportive Housing serving families who have experienced houselessness or are at risk of becoming houseless. The 60 year loan begins September 2022, and accrues interest of 1% per year.

REQUIRED SUPPLEMENTARY INFORMATION

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios:

GASB 75

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Total OPEB Liability					
Service Cost	\$ 21,997	\$ 21,929	\$ 19,623	\$ 14,746	\$ 14,498
Interest	5,624	9,053	10,893	12,563	12,408
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(99,869)	-	(22,343)	-
Changes of assumptions	17,693	(525)	8,095	20,023	(1,150)
Benefit payments	<u>(7,849)</u>	<u>(6,711)</u>	<u>(32,128)</u>	<u>(25,641)</u>	<u>(29,342)</u>
Total OPEB Liability - Beginning	<u>274,829</u>	<u>350,952</u>	<u>344,469</u>	<u>345,121</u>	<u>348,707</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 312,294</u></u>	<u><u>\$ 274,829</u></u>	<u><u>\$ 350,952</u></u>	<u><u>\$ 344,469</u></u>	<u><u>\$ 345,121</u></u>
Plan fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ 29,342
Net investment income	-	-	-	-	-
Benefit payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,342)</u>
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - Ending (b)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Total OPEB liability - ending (a)-(b)	\$ 312,294	\$ 274,829	\$ 350,952	\$ 344,469	\$ 345,121
Covered-employee payroll	\$ 3,416,860	\$ 3,002,516	\$ 2,774,135	\$ 2,458,570	\$ 2,164,052
Total OPEB liability as a percentage of covered-employee payroll	9.14%	9.15%	12.65%	14.01%	15.95%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Authority is showing two year presentation.

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

Schedule of Authority's Pension Contributions

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	
Contractually required contribution	\$ 588,815	\$ 636,600	\$ 623,700	\$ 416,000	\$ 446,991	
Contributions to the contractually required contribution	<u>(588,815)</u>	<u>(636,600)</u>	<u>(623,700)</u>	<u>(416,000)</u>	<u>(446,991)</u>	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Authority's covered payroll	\$ 3,295,847	\$ 2,934,000	\$ 2,442,000	\$ 2,459,000	\$ 2,450,000	
Contribution as a percentage of covered payroll	17.9%	21.7%	25.5%	16.9%	18.2%	
	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>
Contractually required contribution	\$ 348,000	\$ 309,000	\$ 273,000	\$ 278,000	\$ 290,000	\$ 287,000
Contributions to the contractually required contribution	<u>(348,000)</u>	<u>(309,000)</u>	<u>(273,000)</u>	<u>(278,000)</u>	<u>(290,000)</u>	<u>(287,000)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered employee payroll	\$ 2,353,000	\$ 2,058,000	\$ 2,025,000	\$ 2,087,000	\$ 2,113,000	\$ 2,087,000
Contribution as a percentage of covered payroll	14.8%	15.0%	13.5%	13.3%	13.7%	13.8%

**REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

Schedule of Authority's Proportionate Share of Net Pension Liability

	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Authority's proportion of the net pension liability (asset)	0.02219643%	0.02384254%	0.02242230%	0.02415869%	0.02640814%
Authority's proportionate share of the net pension liability (asset)	\$ 2,656,131	\$ 5,203,262	\$ 3,878,521	\$ 3,659,723	\$ 3,559,827
Authority's covered employee payroll	\$ 2,934,000	\$ 2,442,000	\$ 2,459,000	\$ 2,450,000	\$ 2,353,000
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	90.5%	213.1%	157.7%	149.4%	151.3%
Plan fiduciary net position as a percentage of the total pension liability	75.8%	75.8%	80.2%	82.1%	81.1%
	<u>FY 2017</u>	<u>FY 2016</u>			
Authority's proportion of the net pension liability (asset)	0.02813710%	0.03017175%			
Authority's proportionate share of the net pension liability (asset)	\$ 4,224,032	\$ 1,732,299			
Authority's covered employee payroll	\$ 2,058,000	\$ 2,025,000			
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	205.2%	85.5%			
Plan fiduciary net position as a percentage of the total pension liability	80.5%	91.9%			

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)

JUNE 30, 2022

	State and Local Projects	Clackamas Apartments	Low Rent Public Housing SF 274	Central Office Program	Capital Grant Program	Easton Ridge LLC	Pedcor Rosewood Station	Hillside Manor LLC	Webster Road LLC
ASSETS:									
CURRENT ASSETS:									
Cash - unrestricted	\$ 1,044,792	\$ 75,380	\$ 1,214,197	\$ 1,844,742	\$ -	\$ 87,717	\$ -	134,507	\$ -
Investments	467,274	-	-	320,870	-	994,442	-	-	-
Accounts receivable:									
PHA projects	-	-	-	-	-	-	-	-	-
HUD other programs	-	-	48	-	37,176	-	-	-	-
Other governments	-	-	-	-	-	-	-	-	-
Miscellaneous	36,195	2,084	-	50,533	-	484,777	-	-	-
Tenants - rent/misc	57,685	12,718	280,086	-	-	-	-	-	-
Tenants - fraud	-	-	12,438	-	-	-	-	-	-
Allowance for doubtful accounts:									
Rents	(4,312)	-	(96,616)	-	-	-	-	-	-
Other	-	-	(16,504)	-	-	-	-	-	-
Fraud recovery	-	-	(3,409)	-	-	-	-	-	-
Notes receivable	-	-	-	-	-	275,000	-	-	-
Accrued interest	-	-	-	-	-	4,028,396	-	-	-
Allowance for Accrued Interest	-	-	-	-	-	(2,302,352)	-	-	-
	89,568	14,802	176,043	50,533	37,176	2,485,821	-	-	-
Prepaid expenses and other assets	27,399	-	158,084	86,998	-	100	-	-	-
Inventory	-	-	85,390	-	-	-	-	-	-
Allowance for obsolete inventory	922	-	(66,175)	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
TOTAL CURRENT ASSETS	1,629,954	90,182	1,567,539	2,303,143	37,176	3,568,080	-	134,507	-
RESTRICTED CASH AND INVESTMENTS:									
Other than security deposits	531,017	121,258	191,031	22,400,156	-	431,544	-	-	-
Security deposits	11,914	1,856	103,930	-	-	-	-	-	-
	542,931	123,114	294,960	22,400,156	-	431,544	-	-	-
NONCURRENT ASSETS:									
Notes receivable	-	-	1,605,000	20,964,084	-	26,798,341	33,427,558	19,884,334	16,363,555
Capital Assets:									
Land	827,388	78,500	2,522,548	-	-	-	-	-	-
Buildings and improvements	3,614,120	1,179,633	23,441,784	-	863,878	-	-	-	-
Furniture and equipment - dwellings	-	-	-	-	-	-	-	-	-
Furniture and equipment - administration	44,037	-	564,145	37,316	27,150	-	-	-	-
Site improvements	-	-	4,725,935	-	5,198	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	(3,115,567)	(1,068,869)	(25,818,925)	(37,316)	(54,222)	-	-	-	-
Total Capital Assets	1,369,978	189,264	5,435,486	-	842,004	-	-	-	-
TOTAL ASSETS	3,542,863	402,560	8,902,985	45,667,382	879,180	30,797,965	33,427,558	20,018,841	16,363,555
DEFERRED OUTFLOWS OF RESOURCES									
	258,013	15,768	688,741	485,949	-	-	-	-	-
TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES	3,800,876	418,328	9,591,726	46,153,331	879,180	30,797,965	33,427,558	20,018,841	16,363,555

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)

JUNE 30, 2022

Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Emergency Housing Vouchers	Clayton Mohr Commons	Arbor Terrace Apartments	Resident Self Sufficiency Program (ROSS)	Shelter Plus Care	Metro Supportive Housing Program	Eliminations	Total
\$ 545,689	\$ 105,672	\$ 141,819	\$ 43,078	\$ 3,086	\$ -	\$ -	\$ 484,000	\$ -	\$ 5,724,679
-	-	-	-	58,345	-	-	786,837	-	2,627,768
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(37,224)	-
13,898	-	-	-	32,407	-	-	4,669,698	-	4,669,698
-	-	-	-	-	-	-	-	-	619,893
-	-	-	-	-	-	-	-	-	350,489
-	-	-	-	-	-	-	-	-	12,438
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	(100,928)
-	-	-	(44,000)	-	-	-	-	-	(60,504)
-	-	-	-	-	-	-	-	-	(3,409)
-	-	-	-	-	-	-	-	-	275,000
-	-	-	-	-	-	-	-	-	4,028,396
-	-	-	-	-	-	-	-	-	(2,302,352)
13,898	-	-	(44,000)	32,407	-	-	4,669,698	(37,224)	7,488,722
-	-	-	9,930	-	-	-	-	-	282,511
-	-	-	-	-	-	-	-	-	85,390
-	-	-	-	-	-	-	-	-	(65,253)
-	-	-	-	-	-	-	-	-	-
559,586	105,672	141,819	9,008	93,838	-	-	5,940,535	(37,224)	16,143,817
235,555	-	-	108,587	131,726	-	-	-	-	24,150,873
-	-	-	5,977	12,241	-	-	-	-	135,918
235,555	-	-	114,564	143,967	-	-	-	-	24,286,791
-	-	-	-	-	-	-	-	-	119,042,871
-	-	-	380,548	90,000	-	-	-	-	3,898,984
-	-	-	5,906,842	1,348,300	-	-	-	-	36,354,556
-	-	-	-	20,069	-	-	-	-	20,069
57,702	-	-	23,064	6,236	-	-	-	-	759,649
-	-	-	-	-	-	-	-	-	4,731,133
-	-	-	-	-	-	-	-	-	-
(54,721)	-	-	(301,320)	(1,307,191)	-	-	-	-	(31,758,132)
2,980	-	-	6,009,133	157,413	-	-	-	-	14,006,259
798,121	105,672	141,819	6,132,705	395,219	-	-	5,940,534	(37,224)	173,479,737
433,053	19,982	-	-	9,445	-	-	(21,804)	-	1,889,147
1,231,174	125,654	141,819	6,132,705	404,664	-	-	5,918,730	(37,224)	175,368,885

(Continued)

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)

JUNE 30, 2022

	State and Local Projects	Clackamas Apartments	Low Rent Public Housing SF 274	Central Office Program	Capital Grant Program	Easton Ridge LLC	Rosewood Station	Hillside Manor LLC	Webster Road LLC
LIABILITIES:									
CURRENT LIABILITIES:									
Accounts payable	\$ 44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	97,898	77,867	-	-	-	-	-
Accrued compensated absences	389,799	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	421,012	-	-	-
Accounts payable HUD PHA programs	-	-	-	-	-	-	-	-	-
Accounts payable - other government	-	-	-	-	-	-	-	-	-
Tenant security deposits	11,914	1,856	103,930	-	-	-	-	-	-
Unearned revenue	-	-	1,232	21,838,916	-	-	-	-	-
Current portion of long-term debt	-	7,705	-	-	-	275,000	-	-	-
Other current liabilities	375,738	62,249	152,723	8,519	-	-	-	-	-
Accrued liabilities	79,187	21,525	206,229	87,524	37,176	-	-	-	-
TOTAL CURRENT LIABILITIES	856,682	93,335	562,012	22,012,826	37,176	696,012	-	-	-
NONCURRENT LIABILITIES:									
Long-term debt, net of current portion	3,396	20,032	-	-	-	14,550,006	33,427,558	14,271,341	16,363,555
Long-term debt, payable to Clackamas County	400,784	540,000	-	-	-	-	-	-	-
Accrued compensated absences - noncurrent	252,178	-	115,664	-	-	-	-	-	-
Other noncurrent liabilities - Pension & OPEB liability	443,310	18,896	1,214,176	1,038,776	-	-	-	-	-
TOTAL NONCURRENT LIABILITIES	1,099,667	578,928	1,329,841	1,038,776	-	14,550,006	33,427,558	14,271,341	16,363,555
TOTAL LIABILITIES	1,956,350	672,263	1,891,852	23,051,602	37,176	15,246,018	33,427,558	14,271,341	16,363,555
DEFERRED INFLOWS OF RESOURCES	248,568	24,424	653,461	748,928	-	-	-	-	-
NET POSITION:									
Net investment in capital assets	965,798	(378,473)	5,435,486	-	842,004	-	-	-	-
Restricted	542,931	123,114	294,960	22,400,156	-	431,544	-	-	-
Unrestricted	87,229	(23,000)	1,315,966	(47,354)	-	15,120,402	-	5,747,500	-
TOTAL NET POSITION	\$ 1,595,958	\$ (278,359)	\$ 7,046,413	\$ 22,352,802	\$ 842,004	15,551,947	-	5,747,500	-

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)

JUNE 30, 2022

Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Emergency Housing Vouchers	Clayton Mohr Commons	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care 2002	Metro Supportive Housing Program	Eliminations	Total
\$ -	\$ -	\$ -	\$ 10,240	\$ 18,738	\$ -	\$ -	\$ -	\$ -	\$ 29,023
75,232	-	-	-	-	-	-	82,524	-	333,520
-	-	-	-	-	-	-	-	-	389,799
-	-	-	-	-	-	-	-	-	421,012
-	-	-	-	-	-	-	-	-	-
-	-	-	5,977	11,083	-	-	-	-	134,760
-	(33,433)	-	-	4,524	-	-	-	-	21,811,240
-	-	-	-	-	-	-	-	-	282,705
245,397	-	-	238,484	-	-	-	413,724	-	1,496,834
20,816	-	-	8,885	(25)	-	-	-	(37,224)	424,093
<u>341,444</u>	<u>(33,433)</u>	<u>-</u>	<u>263,586</u>	<u>34,320</u>	<u>-</u>	<u>-</u>	<u>496,248</u>	<u>(37,224)</u>	<u>25,322,985</u>
-	-	-	2,220,574	28,256	-	-	-	-	80,884,717
-	-	-	673,012	-	-	-	-	-	1,613,796
-	-	-	-	-	-	-	-	-	367,842
<u>699,745</u>	<u>28,544</u>	<u>-</u>	<u>-</u>	<u>9,353</u>	<u>-</u>	<u>-</u>	<u>(484,375)</u>	<u>-</u>	<u>2,968,425</u>
<u>699,745</u>	<u>28,544</u>	<u>-</u>	<u>2,893,586</u>	<u>37,610</u>	<u>-</u>	<u>-</u>	<u>(484,375)</u>	<u>-</u>	<u>85,834,781</u>
<u>1,041,190</u>	<u>(4,889)</u>	<u>-</u>	<u>3,157,171</u>	<u>71,930</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>11,874</u>	<u>111,157,765</u>
<u>475,314</u>	<u>21,580</u>	<u>-</u>	<u>-</u>	<u>29,541</u>	<u>-</u>	<u>-</u>	<u>424,244</u>	<u>-</u>	<u>2,626,060</u>
2,980	-	-	3,115,548	129,157	-	-	-	-	10,112,501
1,854,539	-	-	108,587	143,967	-	-	-	-	25,899,798
<u>(2,142,848)</u>	<u>108,963</u>	<u>141,819</u>	<u>(248,601)</u>	<u>30,069</u>	<u>-</u>	<u>-</u>	<u>5,482,613</u>	<u>-</u>	<u>25,572,758</u>
<u>\$ (285,329)</u>	<u>\$ 108,963</u>	<u>\$ 141,819</u>	<u>\$ 2,975,533</u>	<u>\$ 303,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,482,613</u>	<u>\$ -</u>	<u>\$ 61,585,058</u>

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (FINANCIAL DATA SCHEDULE)**

JUNE 30, 2022

	State and Local Projects	Clackamas Apartments	Low Rent Public Housing SF 274	Central Office Program	Capital Grant Program	Easton Ridge LLC	Hillside Manor LLC
REVENUES:							
Tenant rental revenue	\$ 484,941	\$ 82,407	\$ 1,564,026	\$ -	\$ -	\$ -	-
Tenant revenue - other	13,231	19,006	44,487	-	-	-	-
Total Tenant Revenue	498,172	101,413	1,608,512	-	-	-	-
HUD PHA operating grants	-	-	2,076,293	-	471,168	-	-
HUD PHA capital grants	-	-	-	-	563,181	-	-
Mgmt fee	-	-	-	325,368	-	-	-
Asset mgmt fee	-	-	-	53,400	-	-	-
Bookkeeping fee	-	-	-	39,233	-	-	-
Other Fees	-	-	-	127,186	-	-	-
Other government grants	-	-	-	-	-	-	-
Voucher income	-	-	-	-	-	-	-
Investment income	16,255	-	3,149	3,147	-	7,154	-
Fraud recovery	-	-	9,692	-	-	-	-
Other revenue	921,843	28,002	1,172	17,736,119	-	585,075	-
Investment income restricted	-	-	54	13,536	-	-	-
Gain(Loss) on sale of fixed assets	-	-	-	-	-	-	-
TOTAL REVENUES	1,436,270	129,415	3,698,871	18,297,989	1,034,349	592,229	-
OPERATING EXPENSES:							
Administrative:							
Salaries	201,664	27,426	397,741	857,279	-	-	-
Employee benefit contributions	10,403	2,561	182,139	583,226	-	-	-
Audit fees	998	-	11,107	13,852	5,363	-	-
Management fees	-	-	325,368	-	-	-	-
Bookkeeping fee	-	-	39,233	-	-	-	-
Office expense	510,379	4,133	244,227	358,526	3,084	-	-
Legal expense	(518)	-	5,298	133	-	-	-
Travel expense	-	-	571	7,236	-	-	-
Asset mgmt fee	-	-	53,400	-	-	-	-
Other	(57)	-	-	2,675	127,186	-	-
Tenant Services:							
Salaries	-	-	103,145	-	-	-	-
Relocation costs	-	-	-	-	2,795	-	-
Employee benefit contributions	-	-	67,093	-	-	-	-
Other expenses	-	-	45,681	(24,808)	-	-	-
Utilities:							
Water	10,087	3,728	212,430	4,006	-	-	-
Electricity	5,045	10,629	30,494	10,941	-	-	-
Gas	549	-	3,148	3,818	-	-	-
Sewer	26,855	12,311	425,816	8,999	-	-	-
Ordinary Maintenance and Operations:							
Labor	36,348	18,198	628,071	7,541	-	-	-
Employee benefit contributions	20,403	7,220	367,010	3,031	-	-	-
Materials	14,326	19,604	188,782	840	-	-	-
Contract costs	69,765	13,952	497,718	2,511	14,776	-	-
Protective Services:							
Contract costs	32,407	-	22,356	351	-	-	-
General Expenses:							
Property insurance	20,243	4,054	122,651	-	-	-	-
Liability insurance	2,505	621	17,426	5,374	-	-	-
Workers' compensation	931	433	14,575	1,776	-	-	-
All other insurance	976	-	7,137	-	-	-	-
Other expenses	62	-	2,777	52,508	-	-	-
Payment in lieu of taxes	-	-	87,738	-	-	-	-
Bad debt - tenant rents	(38)	516	7,487	-	-	-	-
Bad debt - other	454	16,258	-	-	-	-	-
Severance expense	-	-	-	-	-	-	-
Interest expense	1,987	399	-	-	-	585,075	-
TOTAL OPERATING EXPENSES	965,775	142,043	4,110,617	1,899,813	153,204	585,075	-
INCOME (LOSS) BEFORE OTHER EXPENSES	470,495	(12,628)	(411,746)	16,398,176	881,145	7,154	-

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)
CHANGES IN NET POSITION (FINANCIAL DATA SCHEDULE)

JUNE 30, 2022

Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Emergency Housing Vouchers	Clayton Mohr Commons	Arbor Terrace Apartments	Resident Self Sufficiency Program (ROSS)	Shelter Plus Care Program	Metro Supportive Housing Program	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ 194,982	\$ -	\$ -	\$ -	\$ -	\$ 2,326,356
-	-	-	265,289	8,023	-	-	-	-	350,034
-	-	-	265,289	203,005	-	-	-	-	2,676,390
-	-	-	-	-	100,757	-	-	-	2,648,218
-	-	-	-	-	-	-	-	(325,368)	563,181
-	-	-	-	-	-	-	-	(53,400)	-
-	-	-	-	-	-	-	-	(39,233)	-
-	-	-	-	-	-	-	8,826,456	(127,186)	(0)
19,122,464	2,103,063	38,418	-	-	-	413,058	-	-	8,826,456
1,549	177	265	-	329	-	-	-	-	21,677,004
49,600	-	-	-	-	-	-	-	-	32,025
35,844	-	432,632	-	-	-	-	-	-	59,292
-	-	-	(80,948)	-	-	-	-	-	19,740,687
-	-	-	-	-	-	-	-	-	(67,358)
-	-	-	-	-	-	-	-	-	-
<u>19,209,458</u>	<u>2,103,240</u>	<u>471,315</u>	<u>184,341</u>	<u>203,334</u>	<u>100,757</u>	<u>413,058</u>	<u>8,826,456</u>	<u>(545,187)</u>	<u>56,155,894</u>
736,219	36,359	4,977	28,691	33,604	93,557	27,000	874,600	-	3,319,118
371,253	19,184	2,067	5,147	0	-	-	321,819	-	1,497,798
12,624	664	-	-	-	-	-	4,649	-	49,257
-	-	-	19,572	19,774	-	-	-	(325,368)	39,346
4,365	-	-	-	-	-	-	1,609	(39,233)	5,973
189,437	12,059	7	1,604	2,354	7,200	-	19,014	-	1,352,024
247	13	-	6,511	2,483	-	-	24,932	-	39,099
409	22	149	474	348	-	-	6,978	-	16,186
-	-	-	-	-	-	-	-	(53,400)	-
3,493	-	6,151	6,320	6,862	-	-	8,145	(127,186)	33,591
-	-	-	-	-	-	-	-	-	-
45,116	-	-	-	-	-	-	-	-	148,261
-	-	-	-	-	-	-	-	-	2,795
36,485	-	-	-	-	-	-	-	-	103,578
-	-	-	-	-	-	-	3,305	-	24,178
-	-	-	-	-	-	-	-	-	-
-	-	-	2,128	34,581	-	-	-	-	266,960
-	-	-	6,330	6,731	-	-	-	-	70,169
-	-	-	-	-	-	-	-	-	7,515
-	-	-	27,179	-	-	-	-	-	501,160
-	-	-	6,915	21,333	-	-	-	-	718,406
-	-	-	-	10,421	-	-	-	-	408,085
1,192	61	-	1,470	4,106	-	-	-	-	230,381
101	5	-	33,399	49,052	-	-	38,856	-	720,134
-	-	-	-	-	-	-	-	-	-
167	9	-	-	-	-	-	-	-	55,290
-	-	-	-	3,419	-	-	-	-	150,367
7,459	393	-	10,915	6,097	-	-	1,013	-	51,803
1,291	72	-	-	-	-	-	-	-	19,079
1,591	84	-	-	-	-	-	-	-	9,788
60,770	-	-	-	10,373	-	-	31,775	-	158,265
-	-	-	6,006	-	-	-	-	-	93,744
-	-	-	300	-	-	-	-	-	8,265
-	-	-	-	-	-	-	-	-	16,712
-	-	-	-	-	-	-	-	-	-
-	-	-	132,189	-	-	-	-	-	719,651
<u>1,472,222</u>	<u>68,926</u>	<u>13,351</u>	<u>295,151</u>	<u>211,535</u>	<u>100,757</u>	<u>27,000</u>	<u>1,336,694</u>	<u>(545,187)</u>	<u>10,836,978</u>
<u>17,737,235</u>	<u>2,034,314</u>	<u>457,964</u>	<u>(110,811)</u>	<u>(8,201)</u>	<u>-</u>	<u>386,058</u>	<u>7,489,761</u>	<u>-</u>	<u>45,318,917</u>

(Continued)

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (FINANCIAL DATA SCHEDULE)**

JUNE 30, 2022

	State and Local Projects	Clackamas Apartments	Low Rent Public Housing SF 274	Central Office Program	Capital Grant Program	Easton Ridge LLC	Hillside Manor LLC
OTHER EXPENSES:							
Extraordinary maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Casualty losses recovered	-	-	66,938	-	-	-	-
Grant Expense	280,810	-	-	-	-	-	-
Housing assistance payments	-	-	-	-	-	-	-
Housing assistance payments - port-in	-	-	-	-	-	-	-
Depreciation	99,085	39,724	400,020	-	42,786	-	-
TOTAL OTHER EXPENSES	379,895	39,724	466,958	-	42,786	-	-
NET INCOME (LOSS)	90,600	(52,353)	(878,704)	16,398,176	838,359	7,154	-
OPERATING TRANSFER	(959,489)	-	872,880	959,489	(872,880)	-	-
INCREASE (DECREASE) IN NET POSITION	(868,889)	(52,353)	(5,824)	17,357,665	(34,521)	7,154	-
NET POSITION, June 30, 2021	2,464,847	(226,006)	7,052,237	4,995,137	876,525	15,544,793	5,747,500
NET POSITION, June 30, 2022	\$ 1,595,958	(278,359)	7,046,413	22,352,802	842,004	15,551,947	5,747,500
OTHER INFORMATION:							
Debt principal payment	\$ 3,396	\$ 7,705	\$ -	\$ -	\$ -	\$ -	\$ -

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)
CHANGES IN NET POSITION (FINANCIAL DATA SCHEDULE)

JUNE 30, 2022

Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Emergency Housing Vouchers	Clayton Mohr Commons	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care Program	Metro Supportive Housing Program	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	66,938
-	-	-	-	-	-	-	-	-	280,810
18,329,848	2,117,636	404,301	-	-	-	386,058	1,987,158	-	23,225,001
32,051	-	-	-	-	-	-	-	-	32,051
5,960	-	-	200,880	44,943	-	-	-	-	833,398
<u>18,367,858</u>	<u>2,117,636</u>	<u>404,301</u>	<u>200,880</u>	<u>44,943</u>	<u>-</u>	<u>386,058</u>	<u>1,987,158</u>	<u>-</u>	<u>24,438,198</u>
(630,623)	(83,321)	53,663	(311,691)	(53,145)	-	-	5,502,603	-	20,880,719
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(630,623)	(83,321)	53,663	(311,691)	(53,145)	-	-	5,502,603	-	20,880,719
<u>345,294</u>	<u>192,284</u>	<u>88,156</u>	<u>3,287,224</u>	<u>356,338</u>	<u>-</u>	<u>-</u>	<u>(19,990)</u>	<u>-</u>	<u>40,704,339</u>
<u>(285,329)</u>	<u>108,963</u>	<u>141,819</u>	<u>2,975,533</u>	<u>303,193</u>	<u>-</u>	<u>-</u>	<u>5,482,613</u>	<u>\$ -</u>	<u>\$ 61,585,058</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,101

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF NET POSITION - PUBLIC HOUSING DETAIL

JUNE 30, 2022

	<u>AMP 1</u>	<u>AMP 2</u>	<u>AMP 3</u>	<u>AMP 4</u>	<u>Total Low Rent Public Housing and Capital Grant Program</u>
ASSETS:					
CURRENT ASSETS:					
Cash:					
Cash - unrestricted	\$ 157,780	\$ 320,985	\$ 672,346	\$ 63,086	\$ 1,214,197
Cash - security deposits	22,890	37,609	18,081	25,350	103,930
Total Cash	<u>180,670</u>	<u>358,593</u>	<u>690,427</u>	<u>88,436</u>	<u>1,318,126</u>
Accounts Receivable:					
HUD	2,062	32,747	1,208	1,208	37,225
Tenants	59,600	115,296	24,550	80,640	280,086
Allowance for doubtful accounts:					
Rents	(18,164)	(42,056)	(9,363)	(27,032)	(96,616)
Other	(3,354)	(12,316)	(833)	(1)	(16,504)
Fraud recovery	(1,833)	(1,069)	57	(563)	(3,409)
Fraud recovery	3,431	5,976	549	2,483	12,438
Total Accounts Receivable	<u>41,742</u>	<u>98,577</u>	<u>16,167</u>	<u>56,734</u>	<u>213,220</u>
Prepaid expenses and other assets					
Inventory	33,785	64,868	25,508	33,923	158,084
Allowance for obsolete inventories	85,390	-	-	-	85,390
	<u>(66,175)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,175)</u>
TOTAL CURRENT ASSETS	<u>275,411</u>	<u>522,038</u>	<u>732,102</u>	<u>179,093</u>	<u>1,708,645</u>
RESTRICTED CASH AND INVESTMENTS	<u>8,815</u>	<u>57,408</u>	<u>5,844</u>	<u>118,963</u>	<u>191,031</u>
NONCURRENT ASSETS:					
Notes receivable	-	1,605,000	-	-	1,605,000
Capital Assets:					
Land	19,541	2,425,542	10,772	66,693	2,522,548
Buildings and improvements	5,105,795	13,608,021	2,397,617	3,194,229	24,305,661
Furniture and equipment - administration	447,064	62,451	27,121	54,659	591,295
Site and leasehold improvements	783,911	1,372,818	1,271,525	1,302,879	4,731,133
Accumulated depreciation	<u>(5,758,364)</u>	<u>(12,690,262)</u>	<u>(3,458,147)</u>	<u>(3,966,373)</u>	<u>(25,873,145)</u>
TOTAL NONCURRENT ASSETS	<u>597,947</u>	<u>4,778,570</u>	<u>248,888</u>	<u>652,087</u>	<u>6,277,492</u>
TOTAL ASSETS	<u>882,173</u>	<u>6,963,017</u>	<u>986,834</u>	<u>950,143</u>	<u>9,782,167</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>148,178</u>	<u>270,424</u>	<u>127,086</u>	<u>143,054</u>	<u>688,742</u>
TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES	<u>1,030,352</u>	<u>7,233,440</u>	<u>1,113,920</u>	<u>1,093,197</u>	<u>10,470,909</u>
LIABILITIES:					
CURRENT LIABILITIES:					
Accrued wages	21,978	32,723	20,548	22,650	97,898
Tenant security deposits	31,705	62,592	23,925	144,313	262,536
Unearned revenue	-	100	-	1,132	1,232
Accrued liabilities	43,015	120,735	20,790	58,865	243,405
TOTAL CURRENT LIABILITIES	<u>96,698</u>	<u>216,150</u>	<u>65,263</u>	<u>226,960</u>	<u>605,071</u>
NONCURRENT LIABILITIES:					
Accrued compensated absences - noncurrent	20,326	46,379	28,431	20,528	115,664
Other noncurrent liabilities - Pension & OPEB liability	267,907	469,879	241,037	235,353	1,214,176
TOTAL NONCURRENT LIABILITIES	<u>288,233</u>	<u>516,257</u>	<u>269,468</u>	<u>255,882</u>	<u>1,329,841</u>
TOTAL LIABILITIES	<u>384,931</u>	<u>732,408</u>	<u>334,731</u>	<u>482,842</u>	<u>1,934,911</u>
DEFERRED INFLOWS OF RESOURCES	<u>136,664</u>	<u>244,736</u>	<u>111,518</u>	<u>160,543</u>	<u>653,461</u>
NET POSITION:					
Net investment in capital assets	597,947	4,778,570	248,888	652,087	6,277,492
Restricted	31,705	95,017	23,925	144,313	294,960
Unrestricted	<u>(120,895)</u>	<u>1,382,710</u>	<u>394,858</u>	<u>(346,589)</u>	<u>1,310,084</u>
TOTAL NET POSITION	<u>\$ 508,757</u>	<u>\$ 6,256,297</u>	<u>\$ 667,671</u>	<u>\$ 449,811</u>	<u>\$ 7,882,536</u>

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES AND EXPENSES - PUBLIC HOUSING DETAIL

YEAR ENDED JUNE 30, 2022

	AMP 1 :: 501			AMP 2 :: 502			AMP 3 :: 503		
	Operating	Capital Fund	Total	Operating	Capital Fund	Total	Operating	Capital Fund	Total
REVENUES:									
Tenant rental revenue	\$ 322,864	\$ -	\$ 322,864	\$ 727,586	\$ -	\$ 727,586	\$ 258,002	\$ -	\$ 258,002
Tenant revenue - other	7,651	-	7,651	30,903	-	30,903	6,530	-	6,530
HUD PHA grants	458,943	104,268	563,211	628,422	153,625	782,047	437,956	101,467	539,423
HUD PHA capital grants	-	62,895	62,895	-	366,666	366,666	-	15,221	15,221
Investment income	479	-	479	934	-	934	1,275	-	1,275
Investment income restricted	-	-	-	54	-	54	-	-	-
Fraud recovery	6,240	-	6,240	-	-	-	-	-	-
Other revenue	721	-	721	380	-	380	-	-	-
Gain (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	796,898	167,163	964,061	1,388,279	520,291	1,908,570	703,764	116,688	820,451
EXPENSES:									
Administrative:									
Administrative salaries	99,444	-	99,444	138,531	-	138,531	59,348	-	59,348
Auditing fees	2,914	1,196	4,110	3,920	1,751	5,671	1,326	1,208	2,534
Employee benefit contributions	45,620	-	45,620	61,702	-	61,702	31,984	-	31,984
Office expense	56,597	3,084	59,681	79,783	-	79,783	40,960	-	40,960
Legal expense	683	-	683	1,077	-	1,077	1,643	-	1,643
Travel expense	208	-	208	130	-	130	113	-	113
Other	-	28,360	28,360	-	41,536	41,536	-	28,645	28,645
	205,466	32,640	238,106	285,142	43,287	328,429	135,375	29,853	165,228
Tenant services:									
Salaries	23,031	-	23,031	33,677	-	33,677	23,219	-	23,219
Relocation costs	-	375	375	-	2,126	2,126	-	-	-
Employee benefit contributions	14,981	-	14,981	21,906	-	21,906	15,103	-	15,103
Other expenses	15,250	-	15,250	21,621	-	21,621	2,753	-	2,753
	53,261	375	53,636	77,203	2,126	79,329	41,075	-	41,075
Utilities:									
Water	43,729	-	43,729	75,326	-	75,326	40,209	-	40,209
Electricity	7,441	-	7,441	1,875	-	1,875	7,797	-	7,797
Gas	49	-	49	1,149	-	1,149	1,016	-	1,016
Sewer/Other utilities	107,123	-	107,123	129,627	-	129,627	65,232	-	65,232
	158,342	-	158,342	207,977	-	207,977	114,253	-	114,253
Ordinary maintenance and operations:									
Labor	117,782	-	117,782	238,089	-	238,089	105,036	-	105,036
Materials	38,213	-	38,213	86,079	-	86,079	17,550	-	17,550
Contracts	94,436	357	94,793	214,207	4,371	218,578	62,165	-	62,165
Employee benefits	66,811	-	66,811	142,677	-	142,677	64,269	-	64,269
	317,243	357	317,600	681,053	4,371	685,424	249,019	-	249,019
Protective services:									
Contract costs	10,556	-	10,556	146	-	146	1,097	-	1,097
General:									
Property insurance	23,609	-	23,609	49,265	-	49,265	19,947	-	19,947
Liability insurance	3,843	-	3,843	5,734	-	5,734	3,941	-	3,941
Workers' compensation	2,728	-	2,728	5,442	-	5,442	2,376	-	2,376
All other insurance	1,603	-	1,603	2,301	-	2,301	1,603	-	1,603
Other	801	-	801	995	-	995	429	-	429
Payments in lieu of taxes	16,180	-	16,180	51,101	-	51,101	14,137	-	14,137
Bad Debt - rent	6,780	-	6,780	5,496	-	5,496	1,591	-	1,591
Bad debt - other	-	-	-	-	-	-	-	-	-
Management fee	72,836	-	72,836	107,046	-	107,046	72,587	-	72,587
Accounting fee	8,783	-	8,783	12,908	-	12,908	8,753	-	8,753
Asset management fee	12,000	-	12,000	17,400	-	17,400	12,000	-	12,000
	149,163	-	149,163	257,688	-	257,688	137,365	-	137,365
Other:									
Extraordinary maintenance	-	-	-	-	-	-	-	-	-
Casualty losses recovered	11,531	-	11,531	55,407	-	55,407	-	-	-
Grant Expense	-	-	-	-	-	-	-	-	-
Depreciation expense	36,854	18,894	55,748	283,783	16,342	300,125	25,772	921	26,693
	48,385	18,894	67,279	339,190	16,342	355,532	25,772	921	26,693
TOTAL EXPENSES:	942,417	52,266	994,683	1,848,400	66,126	1,914,526	703,956	30,774	734,730
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER OPERATING EXPENSES	(145,520)	114,897	(30,623)	(460,120)	454,165	(5,956)	(192)	85,914	85,722
OTHER FINANCING SOURCES (USES):									
Operating transfers in	70,897	-	70,897	103,840	-	103,840	71,614	-	71,614
Equity transfers	41,969	(41,969)	-	375,950	(375,950)	-	17,746	(17,746)	-
Operating transfers out	-	(70,897)	(70,897)	-	(103,840)	(103,840)	-	(71,614)	(71,614)
Special Item (Net gain/loss)	-	-	-	-	-	-	-	-	-
	112,866	(112,866)	-	479,790	(479,790)	-	89,360	(89,360)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	\$ (32,654)	\$ 2,031	\$ (30,623)	\$ 19,670	\$ (25,625)	\$ (5,956)	\$ 89,168	\$ (3,446)	\$ 85,722

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

FINANCIAL DATA SCHEDULE - COMBINING SCHEDULE OF REVENUES AND EXPENSES - PUBLIC HOUSING DETAIL

YEAR ENDED JUNE 30, 2022			
AMP 4 :: 504			Low Rent Public Housing and Capital Grant Program Total
Operating	Capital Fund	Total	
\$ 255,573	\$ -	\$ 255,573	\$ 1,564,026
(597)	-	(597)	44,487
550,972	111,809	662,781	2,547,461
-	118,399	118,399	563,181
460	-	460	3,149
-	-	-	54
3,452	-	3,452	9,692
70	-	70	1,172
-	-	-	-
<u>809,931</u>	<u>230,208</u>	<u>1,040,139</u>	<u>4,733,221</u>
100,418		100,418	397,741
2,947	1,208	4,155	16,470
42,833		42,833	182,139
66,886		66,886	247,310
1,895		1,895	5,298
120		120	571
	<u>28,645</u>	<u>28,645</u>	<u>127,186</u>
<u>215,098</u>	<u>29,853</u>	<u>244,951</u>	<u>976,715</u>
23,219	-	23,219	103,145
-	294	294	2,795
15,103	-	15,103	67,093
6,057	-	6,057	45,680
<u>44,378</u>	<u>294</u>	<u>44,672</u>	<u>218,713</u>
53,166	-	53,166	212,430
13,381	-	13,381	30,494
934	-	934	3,148
<u>123,834</u>	<u>-</u>	<u>123,834</u>	<u>425,816</u>
<u>191,315</u>	<u>-</u>	<u>191,315</u>	<u>671,887</u>
167,164	-	167,164	628,071
46,940	-	46,940	188,782
126,910	10,048	136,958	512,494
93,253	-	93,253	367,010
<u>434,267</u>	<u>10,048</u>	<u>444,315</u>	<u>1,696,357</u>
10,557	-	10,557	22,356
29,830	-	29,830	122,651
3,908	-	3,908	17,426
4,029	-	4,029	14,575
1,630	-	1,630	7,137
551	-	551	2,777
6,320	-	6,320	87,738
(6,380)	-	(6,380)	7,487
-	-	-	-
72,898	-	72,898	325,368
8,790	-	8,790	39,233
12,000	-	12,000	53,400
<u>133,576</u>	<u>-</u>	<u>133,576</u>	<u>677,792</u>
-	-	-	-
-	-	-	66,938
-	-	-	-
53,611	6,629	60,240	442,806
<u>53,611</u>	<u>6,629</u>	<u>60,240</u>	<u>509,744</u>
<u>1,082,802</u>	<u>46,824</u>	<u>1,129,626</u>	<u>4,773,564</u>
<u>(272,871)</u>	<u>183,384</u>	<u>(89,487)</u>	<u>(40,344)</u>
71,613	-	71,613	317,964
119,250	(119,250)	-	-
-	(71,613)	(71,613)	(317,964)
-	-	-	-
<u>190,863</u>	<u>(190,863)</u>	<u>-</u>	<u>-</u>
<u>\$ (82,008)</u>	<u>\$ (7,479)</u>	<u>\$ (89,487)</u>	<u>\$ (40,344)</u>

HOUSING AUTHORITY OF CLACKAMAS COUNTY

(A component unit of Clackamas County, Oregon)

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION FOR RENTAL ASSISTANCE VOUCHERS**

JUNE 30, 2022

REVENUES:

HUD administrative fee	\$ 1,974,920
Fraud revenue (half of \$49,600 in UNP)	24,800
Other	40,209

Total revenues

2,039,929

EXPENSES:

Administrative salaries	781,336
Employee benefits	407,739
Other administrative costs	270,908
Insurance	10,342
Other general (Port-In)	32,051

Total expenses

1,502,375

EXCESS OF EXPENSES OVER REVENUES

537,555

UNRESTRICTED NET POSITION, June 30, 2021

345,294

UNRESTRICTED NET POSITION, June 30, 2022

\$ 882,849

HAP REVENUE:

HUD Housing Assistance Payments revenue	\$ 17,579,240
Fraud revenue (half of \$49,600 in RNP)	24,800

Total HAP revenue

17,604,040

HAP EXPENSES

16,330,946

EXCESS OF HAP REVENUES OVER EXPENSES

1,273,094

RESTRICTED NET POSITION, June 30, 2021

581,445

RESTRICTED NET POSITION, June 30, 2022

\$ 1,854,539

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

SCHEDULE OF CLACKAMAS APARTMENTS CASH BALANCE

JUNE 30, 2022

Cash:	
Cash and cash equivalents - unrestricted	\$ 75,380
Cash and cash equivalents - restricted	<u>1,856</u>
Total	<u>77,236</u>
Less current obligations:	
Trust deed interest payable (15 days of interest)	54
Accounts payable (due within 30 days)	-
Accrued expenses	21,525
Tenant/resident security deposits	1,856
Unearned revenue	<u>-</u>
Total current obligations	<u>23,435</u>
Cash balance in excess of current obligations	<u><u>\$ 53,801</u></u>

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

SCHEDULE OF CAPITAL FUND PROGRAM

YEAR ENDED JUNE 30, 2022

	<u>Capital Fund Program Grant Approved</u>	<u>Capital Fund Program Grant Expended</u>
Public Housing Capital Fund 2019	<u>\$ 1,231,737</u>	<u>\$ 1,231,737</u>

SINGLE AUDIT SECTION

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
Housing Authority of Clackamas County
Oregon City, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and the aggregate discretely presented component units of the Housing Authority of Clackamas County, Oregon (the Authority), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 24, 2023. Our report includes a qualified opinion on the financial statements of the aggregate discretely presented component unit as Webster Road Housing LP have not been audited. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, except for Webster Road Housing LP, as described in our report on the Authority's financial statements. The financial statements of Easton Ridge, LLC, Pedcor Investments 2016-CLV LP, Hillside Manor LP, and Webster Road Housing LP were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the aggregate discretely presented component units or that are reported on separately by those auditors who audited the financial statements of Easton Ridge, LLC, Pedcor Investments 2016-CLV LP, and Hillside Manor LP.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying scheduling of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Portland, Oregon
February 24, 2023

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of County Commissioners
Clackamas County, Oregon, as a Governing Body of
Housing Authority of Clackamas County
Oregon City, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of Clackamas County, Oregon's (the Authority), a component unit of Clackamas County, Oregon, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
February 24, 2023

HOUSING AUTHORITY OF CLACKAMAS COUNTY
 (A component unit of Clackamas County, Oregon)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

<u>Federal Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
DIRECT FROM:		
U.S. Department of Housing and Urban Development:		
Public and Indian Housing	14.850	\$ <u>2,076,293</u>
Public Housing Capital Fund	14.872	<u>1,034,349</u>
Housing Choice Vouchers	14.871	19,840,081
Mainstream Vouchers	14.879	<u>2,186,562</u>
Housing Voucher Cluster		<u>22,026,642</u>
Residential Opportunity and Supportive Services - Service Coordinators	14.870	<u>100,757</u>
Shelter Plus Care	14.238	<u>413,058</u>
Total U.S. Department of Housing and Urban Development		<u>25,651,099</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 25,651,099</u>

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A component unit of Clackamas County, Oregon)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2022

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Housing Authority of Clackamas County, Oregon (the "Authority"), a component unit of Clackamas County, Oregon, under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not represent the financial position, changes in net position or cash flows of the Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR 200, Subpart E (Cost Principles), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Subrecipients

All expenditures reported on this schedule were for the federal award activity of the Authority and no related funds for any of the programs were provided to subrecipients for the year ended June 30, 2022.

Note 4. PPE (Unaudited)

The Authority did not receive donated personal protective equipment (PPE) for the fiscal year ended June 30, 2022.

**HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A COMPONENT UNIT OF CLACKAMAS COUNTY, OREGON)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified – Governmental activities of Housing Authority of Clackamas County

Qualified – Aggregate discretely presented component units

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for the Major Federal Program</i>
14.850	Public and Indian Housing	<i>Unmodified</i>
14.871, 14.879	Housing Voucher Cluster	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 769,533

Auditee qualified as low-risk auditee? Yes No

**HOUSING AUTHORITY OF CLACKAMAS COUNTY
(A COMPONENT UNIT OF CLACKAMAS COUNTY, OREGON)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II - Financial Statement Findings

FINDING 2022-001—Significant Deficiency in Internal Control over Financial Reporting – Financial Statement Preparation

Criteria – Financial statements should be appropriately presented and disclosed fairly at appropriate amounts, and include all relevant transactions that have occurred, all required disclosures, and be clearly expressed and understandable. In doing so, the financial statements must meet the requirements of generally accepted accounting principles (GAAP) by following financial reporting standards of the Governmental Accounting Standards Board (GASB). Financial statement preparers balance preparing the most accurate financial statement possible, with doing that task in a timely manner.

Condition – The Authority prepared financial statements for audit, which required significant edits before the auditors could issue an opinion. While there were no material misstatements identified in the financial statements, the volume of misstatements was significant. In addition, the financial statements were not prepared for audit in a timely manner.

Context – The Authority is tasked with submitting unaudited financial statements to the US Department of Housing and Urban Development (HUD) by August 31, and filing the audited financial statements to the State of Oregon by December 31. The HUD deadline was not met, and the State deadline was extended to February 28, 2023. If the initial draft of the financial statements was prepared in a complete and accurate manner, the State of Oregon extension would not be necessary.

Effect – Additional time was needed for Authority staff to complete a complete, accurate, and understandable financial statement.

Cause – The Authority’s Deputy Director of Finance, responsible for financial statement preparation, departed the Authority in January 2022. The current year financial statement preparer was new to the Authority, and did not have prior experience with GASB reporting entities. In addition, the financial statements prepared for audit were not reviewed by another individual.

Recommendation – We recommend the Authority’s financial statements be prepared by someone with the skills, knowledge and experience to do so. The Authority could identify someone with that skillset, or they could have current staff trained to obtain that knowledge base. Furthermore, the financial statements should be reviewed by someone who is familiar with GASB financial statement reporting requirements. Such financial statement preparation and review should be scheduled to meet the reporting requirements of both HUD and the State of Oregon.

Response – Management agrees with the recommendation.

Section III - Federal Award Findings and Questioned Costs

None reported

UNIT NAME- Housing Authority Clackamas County (HACC)
A Component Unit of Clackamas County, Oregon
Schedule of Findings and Questioned Costs for the Year ending June 30, 2022

The Authority concurs with the modified opinion and recommendations in this letter. The combination of the former Deputy Director of Finance for Housing Authority Clackamas County leaving his position, other staff turnover of key program personnel, and new staff, including the financial statement preparer, at the Authority contributed negatively to the outcomes. The current labor market has posed challenges to replace personnel as timely as hoped. Concurrently, a new ERP system (Yardi) was implemented, presenting additional challenges, and consuming additional staff time to meet financial data and reporting requirements. New staff brought into the Authority have had these competing priorities on top of the normal demands of learning new roles.

This response letter and the items listed below will serve as our Corrective Action Plan to rectify the deficiencies and current internal controls recommended.

Audit Recommendation- Finding 2022-01

- Finance Manager was hired 1/9/23 and will ultimately be responsible for ensuring adherence to Corrective Action Plan items.
- The Financial Statement Preparer and at least two other staff will be trained to obtain the required knowledge base in GASB reporting requirements and submission of filing financial statements to U.S. Department of Housing and Urban development (HUD) and State of Oregon. This will create versatility amongst unit staff to allow at least one or more reviewers of the statements once prepared.

Start date: immediately and ongoing.

- Training classes have been initiated and will continue to be offered.

Start date: immediately and ongoing registrations.

Healthy Families. Strong Communities.

- Establish an internal process of centralizing storage of financial documents including loans, agreements, invoices, grants etc. Relevant Housing Authority staff will be instructed and trained in the new process.

Start date: March 1st, 2023 - ongoing.

- Monthly calendars and proactive reminders to be implemented, monitored and maintained to enable ample time to meet timely submissions and deadlines.

Start date: February 21, 2023

- Review of policies and procedures to allow for better reconciliations, monthly closings and tangible benefits of business operations, in order to enable gaps to be identified as well as best practices in generally accepted accounting principles (GAAP) and internal control procedures. As internal controls are changed, policies and procedures will also be reexamined and amended if appropriate.

Start date: March 1st, 2023 - ongoing.

Signature:

Date: 2/24/2023

A handwritten signature in black ink, appearing to be 'D. L.', written over a horizontal line.

REPORT OF INDEPENDENT AUDITORS REQUIRED BY
OREGON STATE REGULATIONS

Report of Independent Auditors Required by Oregon State Regulations

Board of County Commissioners of
Clackamas County, Oregon, as Governing Body of
Housing Authority of Clackamas County
Oregon City, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the aggregate discretely presented component units of the Housing Authority of Clackamas County, Oregon (the Authority), a component unit of Clackamas County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 24, 2023. Our report includes a qualified opinion on the financial statements of the aggregate discretely presented component unit as Webster Road Housing LP have not been audited. We did not audit the financial statements of Easton Ridge, LLC, Pedcor Investments 2016-CLV LP, Hillside Manor LP, or Webster Road Housing LP which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022. Except for Webster Road Housing LP, those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for Easton Ridge, LLC, Pedcor Investments 2016-CLV LP, and Hillside Manor LP, are based solely on the report of the other auditors.

Compliance

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Insurance and fidelity bonds
- Programs funded from outside sources
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Authority was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying scheduling of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

The Authority's Response to the Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of County Commissioners and management of the Authority and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Ashley Osten, Partner,
For Moss Adams LLP
Portland, Oregon
February 24, 2023