

**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, 2020

Prepared by:

Housing Authority of Clackamas County  
Finance Department  
Jason Kirkpatrick, Deputy Director - Finance

**HOUSING AUTHORITY OF CLACKAMAS COUNTY**

(A component unit of Clackamas County, Oregon)

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**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, 2020**

<u>Name</u>	<u>Term Expires</u>
Jim Bernard, Chair 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2020
Paul Savas, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2022
Sonya Fischer, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2022
Ken Humberston, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2020
Martha Schrader, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2020
Ann Leenstra, Commissioner (Appointed) 2051 Kaen Road Oregon City, Oregon 97045	March 1, 2024

**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

**REGISTERED AGENT**

Jill Smith  
13930 South Gain Street  
Oregon City, Oregon 97045

**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 Financial Statements

We have audited the accompanying financial statements of the Housing Authority of Clackamas County, Oregon, (the Authority), a component unit of Clackamas County, Oregon, and the aggregate discretely presented component units, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Easton Ridge LLC or Pedcor Investments-2016-CLV, LP, which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Easton Ridge LLC and Pedcor Investments-2016-CLV, LP, are based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Easton Ridge LLC and Pedcor Investments-2016-CLV, LP were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of Clackamas County and its aggregate discretely presented component units as of June 30, 2020, 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.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, and the schedules of OPEB and Pension information on pages 38 through 39 be presented to supplement the basic financial statements. Such information, 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 on pages 40 through 53, and schedule of expenditures of federal awards 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 on page 58 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and schedule of expenditures of federal awards 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. Such 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Reports on Other Legal and Regulatory Requirements**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020 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 December 23, 2020 on our consideration of the Authority's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. 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.



For Moss Adams LLP  
Eugene, Oregon  
December 23, 2020



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**JUNE 30, 2020**

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, 2020. 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 \$37,538, an increase of \$9,088 over the prior fiscal year. Of this amount, \$23,256 (unrestricted net position) may be used to meet our ongoing obligations to provide low cost housing.
- The Authority's total assets were \$96,393, a net increase of \$32,453 from the prior fiscal year, primarily due to an increase in notes receivable from development activity.
- Total liabilities were \$59,856, an increase of \$23,331 from the prior fiscal year primarily as a result of recording debt related to development activity.
- Net Position increased by \$9,088, 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.
- Total operating revenues were \$32,292, an increase of \$6,967, mainly from an increase in Voucher income and grant activity. Total non-operating revenues were \$679 in 2020 and \$699 in 2019.
- Total operating expenses were \$29,380, an increase of \$4,981 due primarily to the net impact of an increased Voucher housing payments, OPERS and development expenses incurred during the year. Total non-operating expenses were \$608 in 2020 and \$615 in 2019.
- Capital contributions amounted to \$676, primarily from HUD, which were used for the acquisition of capital assets, whereas in 2019 the amount was \$517.

**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, 2020**

**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 and liabilities, with the difference between the two 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 two discretely presented component units. Additional information regarding discretely presented component units can be found in the notes to the basic financial statements.

**Authority Financial Analysis**

***Net Position***

The following provides summary of the Authority's net position for 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets:	\$(000's)	
Assets, excluding capital assets	\$ 80,167	\$ 53,740
Capital assets	<u>16,226</u>	<u>10,200</u>
Total assets	<u>96,393</u>	<u>63,940</u>
Deferred outflows of resources	<u>1,539</u>	<u>1,555</u>
Liabilities:		
Current liabilities	2,381	1,677
Noncurrent liabilities	<u>57,474</u>	<u>34,848</u>
Total liabilities	<u>59,856</u>	<u>36,525</u>
Deferred inflows of resources	<u>538</u>	<u>520</u>
Net position:		
Net investment in capital assets	12,149	9,194
Restricted	2,132	1,841
Unrestricted	<u>23,256</u>	<u>17,415</u>
Total net position	<u>\$ 37,538</u>	<u>\$ 28,450</u>

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

**JUNE 30, 2020**

**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 \$37,538 at the close of the most recent fiscal year.

Thirty-two percent of the Authority's net position, \$12,150, reflects its investment in capital assets, primarily housing, less any related debt used to acquire those assets that is still outstanding. Approximately six percent of the Authority's net position, \$2,132, 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 \$9,088 during the current fiscal year. Net investment in capital assets increased by \$2,955, due primarily a property acquisition. Restricted net position increased by \$291, primarily due to amounts restricted for Mainstream vouchers, debt service, and CARES Act funds. The unrestricted net position of the Authority increased by \$5,841 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 2020 compared to 2019:

	<u>2020</u>	<u>2019</u>
	\$(000's)	
Revenues:		
Intergovernmental revenues	\$ 25,249	\$ 21,707
Rental income	2,612	2,662
Other revenue	4,432	956
Total revenues	<u>32,292</u>	<u>25,325</u>
Expenses:		
Housing assistance payments	17,795	15,425
Other operating expenses	11,585	8,974
Non-operating (income), net	<u>(5,500)</u>	<u>(84)</u>
Total expenses	<u>23,881</u>	<u>24,315</u>
Net income (loss) before contributions	8,411	1,010
Capital contributions	<u>676</u>	<u>517</u>
Change in net position	9,087	1,527
Net position, beginning of year	<u>28,450</u>	<u>26,923</u>
Net position, end of year	<u>\$ 37,537</u>	<u>\$ 28,450</u>

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

**JUNE 30, 2020**

**Authority Financial Analysis (Continued)**

Total revenues increased by \$6,967 or 27.5% 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 increased by \$4,981 due primarily to a net of increased HAP payments and costs associated with development.

**Capital Asset and Debt Analysis**

The Authority's total investment in gross capital assets of \$46,506 increased approximately \$2,948 from the prior fiscal year due to capital additions. Major capital additions were primarily funded by debt for property acquisition and HUD grant payments for the upgrade and maintenance of affordable and public housing. Long-term debt increased \$22,393 from \$53,251 to \$30,858, primarily a result of the continuation of construction work on Rosewood Terrace, a 212-unit apartment complex located in Happy Valley, Oregon, net of principal payments on outstanding debt and the acquisition of Clayton Mohr Commons, a 24-unit Veteran housing project in Oregon City, Oregon.

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

**Economic Factors**

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 80% 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 1,862 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 89% of its vouchers. COVID-19 shutdowns impacted many residents causing loss of work which increase 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 flat funding for 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.

The Authority's Public Housing subsidy for calendar year 2020 was about 90% of subsidy eligibility while the physical needs assessment is about three times the amount funded by HUD.

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

**JUNE 30, 2020**

**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, 2020**

	Housing Authority of Clackamas County	Discretely Presented Component Units
	<hr/>	<hr/>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 3,216,221	\$ 878,123
Investments	2,226,831	-
Accounts receivable, net of allowance for doubtful accounts of \$92,596	1,331,263	18,586
Notes receivable	265,000	-
Accrued interest on notes receivable, net of allowance of \$1,443,368	1,726,044	-
Inventory	19,214	-
Other assets	85,298	63,644
Total current assets	<hr/> 8,869,871	<hr/> 960,353
Restricted assets:		
Cash	2,366,093	141,875
Investments with fiscal agent	422,599	3,637,378
Non-current assets:		
Notes receivable, net of current portion	68,508,200	-
Capital assets not being depreciated	4,260,598	7,146,652
Capital assets being depreciated	11,965,539	73,222,147
<b>TOTAL ASSETS</b>	<hr/> <b>96,392,900</b>	<hr/> <b>85,108,405</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	<hr/> <b>1,538,938</b>	<hr/> <b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<hr/> <b>97,931,838</b>	<hr/> <b>85,108,405</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Accounts payable and accrued expenses	1,201,165	5,765,697
Tenant deposits payable from restricted assets	119,599	141,830
Unearned revenue	280,197	12,758
Other current liabilities payable from restricted assets	412,228	-
Accrued compensated absences payable	17,480	-
Current portion of long-term debt	350,387	-
Total current liabilities	<hr/> 2,381,056	<hr/> 5,920,285
Non-current liabilities:		
Other - notes payable	-	69,715,765
Long-term liabilities, net of current portion	57,474,728	-
<b>TOTAL LIABILITIES</b>	<hr/> <b>59,855,784</b>	<hr/> <b>75,636,050</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	<hr/> <b>537,897</b>	<hr/> <b>-</b>
<b>NET POSITION:</b>		
Net investment in capital assets	12,150,049	8,461,566
Restricted	2,132,239	-
Unrestricted	23,255,869	1,010,789
<b>TOTAL NET POSITION</b>	<hr/> <b>\$ 37,538,157</b>	<hr/> <b>\$ 9,472,355</b>

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, 2020**

	Housing Authority of Clackamas County	Discretely Presented Component Units
<b>OPERATING REVENUES:</b>		
Rental income	\$ 2,611,629	\$ 2,672,870
HUD PHA operating grants	3,546,506	-
Voucher income	18,245,085	-
Other government grants	3,457,022	-
Other income	4,431,516	-
Total operating revenues	<u>32,291,758</u>	<u>2,672,870</u>
<b>OPERATING EXPENSES:</b>		
Housing assistance payments	17,795,330	-
Administrative expenses	6,634,723	390,075
Tenant services	223,141	-
Utilities	898,175	234,735
Ordinary maintenance and operations	2,050,001	410,006
General expenses	1,055,012	115,455
Other expenses	3,660	-
Depreciation and amortization	719,385	957,604
Total operating expenses	<u>29,379,427</u>	<u>2,107,875</u>
<b>OPERATING INCOME:</b>	<u>2,912,331</u>	<u>564,995</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>		
Interest income	679,381	8,006
Interest expense	(608,120)	(1,070,856)
Gain (loss) on disposition of assets	5,428,595	-
Total non-operating revenue (expense)	<u>5,499,856</u>	<u>(1,062,850)</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	8,412,187	(497,855)
Capital contributions	<u>675,583</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	9,087,770	(497,855)
<b>NET POSITION, June 30, 2019</b>	<u>28,450,387</u>	<u>9,970,210</u>
<b>NET POSITION, June 30, 2020</b>	<u>\$ 37,538,157</u>	<u>\$ 9,472,355</u>

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, 2020**

	<u>Housing Authority of Clackamas County</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Received from grants	\$ 25,248,613
Received from tenants	2,326,011
Payments to suppliers	(5,186,691)
Payments for housing subsidies	(17,795,330)
Payments to employees	(4,948,658)
Other	<u>4,426,851</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>4,070,796</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Purchase of notes	<u>(25,326,566)</u>
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES</b>	<u>(25,326,566)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal paid on long-term debt	(265,366)
Interest paid on long-term debt	(608,120)
Capital grants received	675,583
Acquisition of capital assets	(7,006,622)
Principal received on notes	22,660,066
Return of capital	255,000
Proceeds from sale of capital asset	<u>261,522</u>
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>15,972,063</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	679,381
Investments in real estate	5,428,595
(Additions) reductions to restricted investments	<u>999,560</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>7,107,536</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	1,823,829
<b>CASH AND CASH EQUIVALENTS, June 30, 2019</b>	<u>3,758,485</u>
<b>CASH AND CASH EQUIVALENTS, June 30, 2020</b>	<u>\$ 5,582,314</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>	
Operating income	\$ 2,912,331
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	719,385
Principal payment forgiven on deferred payment loans	(6,172)
Pension expense	269,392
Change in assets and liabilities:	
Increase in accounts receivable	(542,571)
Decrease in other assets	10,494
Increase in unearned revenue	252,482
Increase in accounts payable and accrued expenses	363,906
(Increase) decrease in tenant deposits	4,471
Increase in accrued compensated absences payable	<u>87,078</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 4,070,796</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Forgiveness of long-term debt	6,172

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, 2020**

**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 three 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 ended December 31, 2019 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, 2019 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 initial fiscal year ending December 31, 2020 is not included in these basic financial statements. The Authority's fiscal year ending June 30, 2021 financial statements will incorporate HMLP's fiscal year December 31, 2020. These projects are considered to be a component units and included in the Authority because, under GASB 61 guidelines, in management's professional judgment the projects exclusion would 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 in order 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.

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

**YEAR ENDED JUNE 30, 2020**

**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 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's 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 replacement of Public Housing or project based Vouchers. These investments are stated at amortized cost, which approximates fair value.

**Accounts Receivable**

Accounts receivable primarily represent amounts due from HUD and tenants. Based on historical information, the Authority estimates the amounts due from tenants which will be uncollectible. No allowance for doubtful accounts is considered necessary for HUD receivables.

**Inventory**

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

**Capital Assets**

Capital assets are recorded at 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 life in excess of one year. Maintenance and repairs that do not add to the value of the asset 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.

**HOUSING AUTHORITY OF CLACKAMAS COUNTY**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 premium and discounts are amortized on a method which approximates the effective interest method over the related bond repayment period. 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 construction and acquisition of low-income housing.

**Deferred Inflows and Outflows of Resources.**

In addition to assets, the statement of financial 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 position that apply 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 financial 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 position that apply 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 statements. The amount of which is actuarially determined.

**Budgets**

The Authority does not have an annual appropriated budget for the year ended June 30, 2020. Budgets are created for each HUD grant to meet financial management and control objectives. The Authority utilizes these budgets as operations 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.

**HOUSING AUTHORITY OF CLACKAMAS COUNTY**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 investments 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.

**New Accounting Standards**

The Authority implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. As a result of this new accounting standard, no other GASB Statements were implemented during the fiscal year ended June 30, 2020.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash, cash equivalents and investments are comprised of:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Deposits	\$ 3,216,221	\$2,366,093	\$ 5,582,314
Investments with fiscal agent	-	422,599	422,599
Oregon Treasurer's Local Government Investment Pool	2,226,831	-	2,226,831
	<u>\$ 5,443,052</u>	<u>\$2,788,692</u>	<u>\$ 8,231,744</u>

**HOUSING AUTHORITY OF CLACKAMAS COUNTY**  
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**NOTES TO BASIC FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**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, 2020, the carrying amount of deposits was \$5,582,314 and the bank balance was \$5,636,141. Of the Authority's June 30, 2020 bank balance deposit, \$980,600 was covered by the FDIC and \$3,611,926 was collateralized by the PFCP.

At June 30, 2020, 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. As a result the Authority has no exposure to custodial credit risk for deposits with financial institutions.

**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 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.



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**YEAR ENDED JUNE 30, 2020**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

	Investments Measured at Fair Value:	Fair Value Measurements Using			Cost Measurement
		Quoted Prices Active Markets in Identical Assets Level 1	Significant Observable Inputs Level 2	Other Significant Unobservable Inputs Level 3	Using  Not Subject to Leveling Requirements
Totals as of 6/30/20					
Time/Interest Bearing Deposits	\$ 422,599	\$ -	\$ -	\$ -	\$ 422,599
Local Government Investment Pool	2,226,831	-	-	-	2,226,831
<b>Total investments</b>	<b>\$ 2,649,430</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,649,430</b>

**Interest Rate Risk**

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.

<u>Investments</u>	<u>Fair Value</u>	<u>Less than 1,080 days</u>
Investments with fiscal agent	\$ 422,599	\$ 422,599
		\$ 422,599
Local government investment pool	2,226,831	
	\$ 2,649,430	

The Authority's investment policy limits 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, 2020. 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.

**HOUSING AUTHORITY OF CLACKAMAS COUNTY**  
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**YEAR ENDED JUNE 30, 2020**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**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, 2020, Authority investments in the amount of \$0 are subject to custodial credit risk.

**4. NOTES RECEIVABLE**

The Notes Receivable balance at June 30, 2020 is \$70,499,244. This balance resulted from the Easton Ridge asset sale to Easton Ridge LLC, amounts related to Pedcor/Rosewood Station construction and the conversion of Hillside Manor from Public Housing to a LIHTC property.

	Beginning Balance	Additions	Reductions	Ending Balance
Easton Ridge LLC notes receivable	\$ 15,633,342	\$ -	\$ (255,000)	\$ 15,378,342
Easton Ridge LLC mortgage loan receivable	14,840,045	460,041	-	15,300,086
Rosewood Station Dispo. notes receivable	1,661,175	48,150	-	1,709,325
Rosewood Station notes receivable	14,228,293	19,579,066	-	33,807,359
Hillside Manor LLC	-	5,747,500	-	5,747,500
	<u>\$ 46,362,855</u>	<u>\$ 25,834,757</u>	<u>\$ (255,000)</u>	<u>\$ 71,942,612</u>
	Gross Notes Receivable	Uncollectible Allowance Rate	Uncollectible Allowance	Notes and Loans Receivable, net
Easton Ridge LLC notes receivable	\$ 15,378,342	0.00%	\$ -	\$ 15,378,342
Easton Ridge LLC mortgage loan receivable	15,300,086	8.75%	1,339,043	13,961,043
Rosewood Station Dispo. notes receivable	1,709,325	6.10%	104,325	1,605,000
Rosewood Station notes receivable	33,807,359	0.00%	-	33,807,359
Hillside Manor LLC	5,747,500	0.00%	-	5,747,500
	<u>\$ 71,942,612</u>		<u>\$ 1,443,368</u>	<u>\$ 70,499,244</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 \$255,000 in 2020. The County has provided a contingent loan 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 \$12,235,000 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.

**HOUSING AUTHORITY OF CLACKAMAS COUNTY**  
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**YEAR ENDED JUNE 30, 2020**

**4. NOTES RECEIVABLE (Continued)**

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, 2020 Rosewood Station had drawn down \$33,807,359 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 \$5,747,500 which accrues interest at a rate of 1.15% compounded annually. The note is due on December 31, 2070.

**5. CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 3,880,050	\$ 380,548	\$ -	\$ 4,260,598
Total capital assets not being depreciated	3,880,050	380,548	-	4,260,598
Capital assets being depreciated:				
Buildings and improvements	38,930,157	6,596,074	(4,028,540)	41,497,691
Furniture and equipment	747,680	29,999	(29,598)	748,081
Total capital assets being depreciated	39,677,837	6,626,073	(4,058,138)	42,245,772
Less accumulated depreciation:				
Buildings and improvements	(32,734,709)	(694,828)	3,776,099	(29,653,438)
Furniture and equipment	(622,755)	(24,557)	20,517	(626,795)
Total accumulated depreciation	(33,357,464)	(719,385)	3,796,616	(30,280,233)
Total capital assets being depreciated, net	6,320,373	5,906,688	(261,522)	11,965,539
Total capital assets, net	<u>\$ 10,200,423</u>	<u>\$ 6,287,236</u>	<u>\$ (261,522)</u>	<u>\$ 16,226,137</u>

Depreciation expense for the Authority was \$719,385 for the year ended June 30, 2020.

**HOUSING AUTHORITY OF CLACKAMAS COUNTY**  
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**YEAR ENDED JUNE 30, 2020**

**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 \$60,195 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.

	Balance July 1, 2019	Reductions	Balance June 30, 2020
State of Oregon	\$ 35,047	\$ (1,350)	\$ 33,697
Farmers Home Administration	32,670	(6,172)	26,498
Total	\$ 67,717	\$ (7,522)	\$ 60,195

The loans payable to Clackamas County of \$1,657,319 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. A 7-year term loan from Clackamas County in the amount of \$300,000, bearing an interest rate of 2.0%, was entered into during the year to assist in the acquisition of Clayton Mohr Commons.

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 principle and interest, or \$26,693,379. The pledge will remain in effect until the revenue bonds are paid in full. As of June 30, 2020 pledged debt service was \$866,175 for the coming year. The Authority received pledged interest in the amount of \$460,041 for 2013 Series A bond interest at June 30, 2020. 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 \$15,325,000 as of June 30, 2020.

**HOUSING AUTHORITY OF CLACKAMAS COUNTY**  
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**YEAR ENDED JUNE 30, 2020**

**6. LONG-TERM LIABILITIES (Continued)**

Rosewood Station construction continues with draws against the construction bonds of \$19,579,066 during the year ended June 30, 2020. These bonds bear interest at 2.25%, per annum through April 1, 2021. Commencing May 1, 2021, the interest rate will be the 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, 2020 was \$33,807,359.

Clayton Mohr Commons is 24 units of veteran housing that was acquired during the year and has a mortgage of \$2,281,000 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.

Changes in long-term debt are as follows:

	Loans Payable (Interest 0% to 1%)	Mortgage Notes Payable (Interest 2% to 11%)	Loans Payable to Clackamas County	Rosewood Station Construction Bonds	2013 Easton Ridge A Bonds Payable (Interest 1.75% to 4.0%)	Total
Balance, July 1, 2019	\$ 67,717	\$ 80,774	\$ 857,319	\$ 14,228,293	\$ 15,580,000	\$ 30,814,103
Loan forgiveness	(6,172)	-	-	-	-	(6,172)
Additions	-	2,281,000	800,000	19,579,066	-	22,660,066
Deductions	(1,350)	(9,016)	-	-	(255,000)	(265,366)
Balance, June 30, 2020	60,195	2,352,758	1,657,319	33,807,359	15,325,000	53,202,631
Plus unamortized bond premium	-	-	-	-	42,969	42,969
	<u>\$ 60,195</u>	<u>\$ 2,352,758</u>	<u>\$ 1,657,319</u>	<u>\$ 33,807,359</u>	<u>\$ 15,367,969</u>	<u>\$ 53,245,600</u>
					Current portion	\$ 350,387
					Long-term portion	52,895,213
					Total	<u>\$ 53,245,600</u>

Future maturities are as follows:

Fiscal Year	Loans Payable	Mortgage Notes Payable	Loan Payable to Clackamas County	Rosewood Station Construction Bonds	2013 A Easton Ridge Bonds Payable	Total	Interest
2021	\$ 6,234	\$ 38,822	\$ 40,331	\$ -	265,000	\$ 350,387	\$ 610,188
2022	6,296	43,411	41,145	-	275,000	365,852	598,358
2023	6,360	45,640	41,975	-	285,000	378,975	586,085
2024	2,555	49,351	42,824	-	295,000	389,730	573,369
2025	-	50,502	43,687	-	310,000	404,189	560,211
2026-2030	-	237,969	90,038	-	1,735,000	2,063,007	2,591,969
2031-2035	-	296,341	-	-	2,075,000	2,371,341	2,351,250
2036-2040	-	1,590,722	-	-	2,500,000	4,090,722	1,852,000
2041-2045	-	-	-	-	3,030,000	3,030,000	1,284,200
2046-2050	-	-	-	-	4,555,000	4,555,000	627,600
Undetermined	38,750	-	1,357,319	33,807,359	-	35,203,428	-
	<u>\$ 60,195</u>	<u>\$ 2,352,758</u>	<u>\$ 1,657,319</u>	<u>\$ 33,807,359</u>	<u>\$ 15,325,000</u>	<u>\$ 53,202,631</u>	<u>\$ 11,635,230</u>

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**YEAR ENDED JUNE 30, 2020**

**6. LONG-TERM LIABILITIES (Continued)**

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

Changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 254,865	\$ 94,732	\$ -	\$ 349,597	\$ 17,480
Total OPEB Liability	359,648	3,413		363,061	-
Net Pension Liability (Asset)	3,659,723	218,798	-	3,878,521	-
Loans & Notes Payable	1,005,810	3,081,000	(16,538)	4,070,272	85,387
Bonds Payable	29,852,744	19,579,066	(256,482)	49,175,328	265,000
Total	<u>\$ 35,132,790</u>	<u>\$ 22,977,009</u>	<u>\$ (273,020)</u>	<u>\$ 57,836,779</u>	<u>\$ 367,867</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/CAFR/2019-CAFR.pdf>.

***Benefits provided under Chapter 238-Tier One / Tier Two***

1. *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)**

2. *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.

3. *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.

4. *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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. 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, 2020 were approximately \$623,700. The rates in effect for the fiscal year ended June 30, 2020 were: (1) Tier1/Tier 2 – 25.27 percent, and (2) OPSRP general service – 17.75 percent.

*Actuarial Valuations:*

The employer contribution rates effective July 1, 2019, through June 30, 2021, 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, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 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><b>Healthy retirees and beneficiaries:</b>            RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>            RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>            RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</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 2016 Experience Study, which reviewed experience for the four-year period ending on December 31, 2016.

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.20 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 plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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**7. PENSION PLAN (Continued)**

*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 market 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:*

<b>Asset Class/Strategy</b>	<b>Target Allocation</b>	
Cash	0.0	%
Debt Securities	20.0	
Public Equity	37.5	
Private Equity	17.5	
Real Estate	12.5	
Alternative Equity	12.5	
Opportunity Portfolio	0.0	
<b>Total</b>	<b>100.0</b>	<b>%</b>

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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 July 2017 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.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00	3.38
Bank/Leveraged Loans	3.00	5.09
High Yield Bonds	1.00	6.45
Large/Mid Cap US Equities	15.75	6.30
Small Cap US Equities	1.31	6.69
Micro Cap US Equities	1.31	6.80
Developed Foreign Equities	13.13	6.71
Emerging Market Equities	4.13	7.45
Non-US Small Cap Equities	1.88	7.01
Private Equity	17.50	7.82
Real Estate (Property)	10.00	5.51
Real Estate (REITS)	2.50	6.37
Hedge Fund of Funds - Diversified	2.50	4.09
Hedge Fund – Event-driven	0.63	5.86
Timber	1.88	5.62
Farmland	1.88	6.15
Infrastructure	3.75	6.60
Commodities	1.88	3.84
Assumed Inflation – Mean		2.50%

*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 7.20 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-percentagepoint lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

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**7. PENSION PLAN (Continued)**

	1% Decrease (6.20%)	Discount (7.20%)	Rate 1% Increase (8.20%)
Proportionate share of the net pension liability	\$6,211,107	\$3,878,521	\$1,926,468

*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, 2020, the Authority reported a liability of \$3,878,521 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017 and rolled forward to June 30, 2019.

The Authority's proportion of the net pension asset 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 Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.
3. 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

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**7. PENSION PLAN (Continued)**

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. The division of the UAL across employers is shown graphically below.

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. Thus for each and every system employer, the PVFNC is calculated following the format in the table below.

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.

Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and 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. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2020, the Authority's proportion was 0.02242230 percent.

For the year ended June 30, 2020, the Authority recognized pension expense of \$889,678. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**7. PENSION PLAN (Continued)**

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$213,889	\$-
Changes of assumptions	526,166	-
Net difference between projected and actual earnings on investments	-	109,952
Changes in proportionate share	2,151	402,659
Differences between employer contributions and proportionate share of system contributions	129,841	7,023
Total (prior to post-measurement date contributions)	872,047	519,634
Contributions made subsequent to measurement date	624,521	-
Total Deferred Outflow/Inflow of Resources	\$1,496,568	519,634
Net Deferred Outflow/(Inflow) of Resources		\$976,934

\$624,521 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, 2021. 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, 2017, the beginning of the measurement period ended June 30, 2019, is 5.2 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 2021	\$278,696
Fiscal Year 2022	(37,831)
Fiscal Year 2023	54,784
Fiscal Year 2024	56,362
Fiscal Year 2025	401
Thereafter	-
Total	\$352,413

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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 \$180,829.

**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. GASB Statement No. 75 is effective for fiscal years with a beginning date after June 15, 2017.

***Total OPEB Liability***

The Authority's total OPEB liability of \$350,952 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2020 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	2.45%
Salary increases	3.50%
Assumed wage inflation *	3.00%
General inflation rate	2.75%
*- a component of assumed salary increases	

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 December 31, 2016 report 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 2018.



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

***Changes in the Total OPEB Liability and related ratios***

		Total OPEB Liability
Balance at 6/30/19		\$ 344,469
Changes during year		
	Service cost	19,623
	Interest	10,893
	Changes of benefit terms	-
	Differences in expected and actual experience	-
	Changes in assumptions	8,095
	Benefit payments	(32,128)
Balance at 6/30/20		\$ 350,952

Covered employee payroll for the year ended June 30, 2020 was \$2,774,135.

Total OPEB liability as a percentage of covered employee payroll was 12.65%.

***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 2020 is 2.45%. Healthcare cost trend rate was assumed to start at 5.9% (effective January 2020) and arrive an ultimate rate of 4.20% for years 2094 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 (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Total OPEB Liability	\$372,055	\$350,952	\$331,075

Change in Healthcare Cost Trend Rate	1% Decrease In Current Trend	Current Trend	1% Increase In Current Trend
Total OPEB Liability	\$317,286	\$350,952	\$393,058

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

**Deferred Resources as of Fiscal Year End and Expected Future Recognition**

The table below shows deferred resources as of the fiscal year end June 30, 2020.

HACC Members Implicit	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ 22,634	\$ 739
Differences Between Expected and Actual Experience	\$ -	\$ 17,253
Total	\$ 22,634	\$ 17,992

The Authority will recognize the Contributions Made Subsequent to the Measurement Date in the next fiscal year. In addition, future recognition of these deferred resources is show below.

For the Fiscal Year Ending June 30	HACC Members Implicit
2021	\$521
2022	521
2023	521
2024	521
2025	521
Thereafter	2,037
Total	4,642

**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.

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

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 2020, 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, 2018, 2019 and 2020 were \$11,596, \$11,865, and \$11,162 respectively, which equaled the required contributions each 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. The future impacts of COVID-19 are unknown

**10. COMMITMENTS**

The Authority has no construction and legal commitments under contracts at June 30, 2020. 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.

Disposition funds restricted by HUD are as follows:

	<u>Disposition Proceeds</u>
Balance as of July 1, 2019	\$ 628,894
Interest received	156
Balance as of June 30, 2020	<u>\$ 629,050</u>

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

**YEAR ENDED JUNE 30, 2020**

**11. RELATED-PARTY TRANSACTIONS**

Labor and fringe benefit costs and expenses for human resources, information technology and other services totaling approximately \$894,000 were paid to various County departments. About \$6,830 was accrued as payable to the County at June 30, 2020.

The Authority has received deferred payment loans from the County in the amount of \$1,357,319 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 Authority also has a \$300,000 term loan with the County bearing an interest rate of 2.0% with a 7-year term due in 2027.

**12. DISCRETELY PRESENTED COMPONENT UNITS**

Combining financial information for the discretely presented component units at December 31, 2019 is as follows:

	<u>Easton Ridge LLC</u>	<u>Pedcor Investments 2016-CLV LP</u>	<u>Total</u>
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 704,364	\$ 173,759	\$ 878,123
Accounts receivable	18,586	-	18,586
Other assets	63,644	-	63,644
Total current assets	<u>786,594</u>	<u>173,759</u>	<u>960,353</u>
Restricted assets:			
Cash	141,875	-	141,875
Investments	3,419,183	218,195	3,637,378
Non-current assets:			
Capital assets not being depreciated	3,229,376	3,917,276	7,146,652
Capital assets being depreciated	28,919,311	44,302,836	73,222,147
<b>TOTAL ASSETS</b>	<u>36,496,339</u>	<u>48,612,066</u>	<u>85,108,405</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable and accrued expenses	3,574,229	2,191,468	5,765,697
Tenant deposits payable from restricted assets	141,830	-	141,830
Unearned revenue	12,758	-	12,758
Total current liabilities	<u>3,728,817</u>	<u>2,191,468</u>	<u>5,920,285</u>
Non-current liabilities:			
Other - notes payable	28,144,867	41,570,898	69,715,765
<b>TOTAL LIABILITIES</b>	<u>31,873,684</u>	<u>43,762,366</u>	<u>75,636,050</u>
<b>NET POSITION:</b>			
Net investment in capital assets	4,003,820	4,457,746	8,461,566
Restricted	-	-	-
Unrestricted	618,835	391,954	1,010,789
<b>TOTAL NET POSITION</b>	<u>\$ 4,622,655</u>	<u>\$ 4,849,700</u>	<u>\$ 9,472,355</u>

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

**YEAR ENDED JUNE 30, 2020**

**12. DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

	Easton Ridge LLC	Pedcor Investments 2016-CLV LP	Total
<b>OPERATING REVENUES:</b>			
Rental income	\$ 2,672,870	\$ -	\$ 2,672,870
Total operating revenues	<u>2,672,870</u>	<u>-</u>	<u>2,672,870</u>
<b>OPERATING EXPENSES:</b>			
Administrative expenses	390,075	-	390,075
Utilities	234,735	-	234,735
Ordinary maintenance and operations	410,006	-	410,006
General expenses	115,455	-	115,455
Depreciation and amortization	957,604	-	957,604
Total operating expenses	<u>2,107,875</u>	<u>-</u>	<u>2,107,875</u>
<b>OPERATING INCOME (LOSS)</b>	<u>564,995</u>	<u>-</u>	<u>564,995</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>			
Interest income	8,006	-	8,006
Interest expense	(1,070,856)	-	(1,070,856)
Total non-operating revenue (expense)	<u>(1,062,850)</u>	<u>-</u>	<u>(1,062,850)</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<u>(497,855)</u>	<u>-</u>	<u>(497,855)</u>
Capital contributions (distributions)	<u>-</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>(497,855)</u>	<u>-</u>	<u>(497,855)</u>
<b>NET POSITION</b> at beginning of the year	<u>5,120,510</u>	<u>4,849,700</u>	<u>9,970,210</u>
<b>NET POSITION</b> at end of the year	<u>\$ 4,622,655</u>	<u>\$ 4,849,700</u>	<u>\$ 9,472,355</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020**

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

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
<b>Total OPEB Liability</b>			
Service Cost	\$ 19,623	\$ 14,746	\$ 14,498
Interest	10,893	12,563	12,408
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(22,343)	-
Changes of assumptions	8,095	20,023	(1,150)
Benefit payments	(32,128)	(25,641)	(29,342)
<b>Total OPEB Liability - Beginning</b>	<u>344,469</u>	<u>345,121</u>	<u>348,707</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 350,952</u>	<u>\$ 344,469</u>	<u>\$ 345,121</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ -	\$ -	\$ 29,342
Net investment income	-	-	-
Benefit payments	-	-	(29,342)
<b>Net change in plan fiduciary net position</b>	-	-	-
<b>Plan fiduciary net position - Beginning</b>	-	-	-
<b>Plan fiduciary net position - Ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total OPEB liability - ending (a)-(b)</b>	\$ 350,952	\$ 344,469	\$ 345,121
<b>Covered-employee payroll</b>	\$ 2,774,135	\$ 2,458,570	\$ 2,164,052
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	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, 2020**

**Schedule of Authority's Pension Contributions**

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Contractually required contribution	\$ 623,700	\$ 416,000	\$ 446,991	\$ 348,000	\$ 309,000
Contributions to the contractually required contribution	<u>(623,700)</u>	<u>(416,000)</u>	<u>(446,991)</u>	<u>(348,000)</u>	<u>(309,000)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 2,442,000	\$ 2,459,000	\$ 2,450,000	\$ 2,353,000	\$ 2,058,000
Contribution as a percentage of covered payroll	25.5%	16.9%	18.2%	14.8%	15.0%
	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Contractually required contribution	\$ 273,000	\$ 278,000	\$ 290,000	\$ 287,000	\$ 256,000
Contributions to the contractually required contribution	<u>(273,000)</u>	<u>(278,000)</u>	<u>(290,000)</u>	<u>(287,000)</u>	<u>(256,000)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered employee payroll	\$ 2,025,000	\$ 2,087,000	\$ 2,113,000	\$ 2,087,000	\$ 2,085,000
Contribution as a percentage of covered payroll	13.5%	13.3%	13.7%	13.8%	12.3%

**Schedule of Authority's Proportionate Share of Net Pension Liability**

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Authority's proportion of the net pension liability (asset)	0.02242230%	0.02415869%	0.02640814%	0.02813710%	0.03017175%
Authority's proportionate share of the net pension liability (asset)	\$ 3,878,521	\$ 3,659,723	\$ 3,559,827	\$ 4,224,032	\$ 1,732,299
Authority's covered employee payroll	\$ 2,459,000	\$ 2,450,000	\$ 2,353,000	\$ 2,058,000	\$ 2,025,000
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	157.7%	149.4%	151.3%	179.5%	80.9%
Plan fiduciary net position as a percentage of the total pension liability	80.2%	82.1%	81.1%	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, 2020**

	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
<b>ASSETS:</b>								
<b>CURRENT ASSETS:</b>								
Cash - unrestricted	\$ 545,363	\$ 90,197	\$ 1,747,676	\$ 716,254	\$ -	\$ 87,716	\$ -	\$ -
Investments - unrestricted	877,028	-	-	311,814	-	980,470	-	-
Accounts receivable:								
PHA projects	-	-	-	-	-	-	-	-
HUD other programs	-	-	-	-	33,404	-	-	-
Other governments	-	-	-	-	-	-	-	-
Miscellaneous	2,811	2,985	125,709	570,764	-	484,777	-	-
Tenants - rent/misc	26,527	4,463	94,111	-	-	-	-	-
Tenants - fraud	-	-	12,631	-	-	-	-	-
Allowance for doubtful accounts:								
Rents	(4,312)	-	(25,914)	-	-	-	-	-
Other	-	-	(58,581)	-	-	-	-	-
Fraud recovery	-	-	(3,789)	-	-	-	-	-
Notes receivable	-	-	104,325	-	-	265,000	-	-
Accrued interest	-	-	(104,325)	-	-	3,065,087	-	-
Allowance for Accrued Interest	-	-	-	-	-	(1,339,043)	-	-
	25,026	7,448	144,167	570,764	33,404	2,475,821	-	-
Prepaid expenses and other assets	2,399	-	64,229	18,570	-	100	-	-
Inventory	-	-	69,311	-	-	-	-	-
Allowance for obsolete inventory	-	-	(50,097)	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>1,449,816</b>	<b>97,645</b>	<b>1,975,286</b>	<b>1,617,402</b>	<b>33,404</b>	<b>3,544,107</b>	<b>-</b>	<b>-</b>
<b>RESTRICTED CASH AND INVESTMENTS:</b>								
Other than security deposits	130,962	121,231	629,050	460,167	-	422,599	-	-
Security deposits	15,435	2,027	91,881	-	-	-	-	-
	146,397	123,258	720,931	-	-	422,599	-	-
<b>NONCURRENT ASSETS:</b>								
Notes receivable	-	-	1,605,000	-	-	27,348,341	33,807,359	5,747,500
Other/joint venture investment	-	-	-	-	-	-	-	-
Capital Assets:								
Land	1,189,002	78,500	2,522,548	-	-	-	-	-
Buildings and improvements	5,104,605	1,173,973	21,898,000	-	1,414,257	-	-	-
Furniture and equipment - dwellings	-	-	-	-	-	-	-	-
Furniture and equipment - administration	44,037	-	552,721	37,316	-	-	-	-
Site improvements	-	-	4,580,972	-	79,758	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(2,995,128)	(989,609)	(24,868,949)	(37,316)	(129,126)	-	-	-
Total Capital Assets	3,342,516	262,864	4,685,292	-	1,364,889	-	-	-
<b>TOTAL ASSETS</b>	<b>4,938,729</b>	<b>483,767</b>	<b>8,986,509</b>	<b>2,077,569</b>	<b>1,398,293</b>	<b>31,315,047</b>	<b>33,807,359</b>	<b>5,747,500</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	234,944	12,616	558,300	313,196	-	-	-	-
<b>TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,173,673</b>	<b>496,383</b>	<b>9,544,809</b>	<b>2,390,765</b>	<b>1,398,293</b>	<b>31,315,047</b>	<b>33,807,359</b>	<b>5,747,500</b>

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

**COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)**

**JUNE 30, 2020**

Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Clayton Mohr Commons	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care	CARES Act HCV	CARES Act Mainstream	CARES Act PH	Eliminations	Total
\$ -	\$ -	\$ -	\$ 29,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,216,221
-	-	-	57,519	-	-	-	-	-	-	2,226,831
22,969	33,434	-	-	-	-	-	-	-	(33,404)	56,403
-	-	27,767	14,911	-	-	-	-	-	-	1,229,724
-	-	-	-	-	-	-	-	-	-	125,101
-	-	-	-	-	-	-	-	-	-	12,631
-	-	-	-	-	-	-	-	-	-	(30,226)
-	-	-	-	-	-	-	-	-	-	(58,581)
-	-	-	-	-	-	-	-	-	-	(3,789)
-	-	-	-	-	-	-	-	-	-	265,000
-	-	-	-	-	-	-	-	-	-	3,169,412
-	-	-	-	-	-	-	-	-	-	(1,443,368)
22,969	33,434	27,767	14,911	-	-	-	-	-	(33,404)	3,322,307
-	-	-	-	-	-	-	-	-	-	85,298
-	-	-	-	-	-	-	-	-	-	69,311
-	-	-	-	-	-	-	-	-	-	(50,097)
-	-	-	-	-	-	-	-	-	-	-
22,969	33,434	27,767	101,445	-	-	-	-	-	(33,404)	8,869,871
357,531	111,854	89,350	138,210	-	-	207,041	-	-	-	2,667,995
-	-	-	11,354	-	-	-	-	-	-	120,697
357,531	-	89,350	149,564	-	-	-	-	-	-	2,788,692
-	-	-	-	-	-	-	-	-	-	68,508,200
-	-	-	-	-	-	-	-	-	-	-
-	-	380,548	90,000	-	-	-	-	-	-	4,260,598
-	-	5,897,826	1,348,300	-	-	-	-	-	-	36,836,961
-	-	-	20,069	-	-	-	-	-	-	20,069
57,702	-	29,999	6,237	-	-	-	-	-	-	728,012
-	-	-	-	-	-	-	-	-	-	4,660,730
-	-	-	-	-	-	-	-	-	-	-
(42,800)	-	-	(1,217,305)	-	-	-	-	-	-	(30,280,233)
14,902	-	6,308,373	247,301	-	-	-	-	-	-	16,226,137
395,402	145,288	6,425,490	498,310	-	-	207,041	-	-	(33,404)	96,392,900
395,922	18,308	-	5,652	-	-	-	-	-	-	1,538,938
791,324	163,596	6,425,490	503,962	-	-	207,041	-	-	(33,404)	97,931,838

(Continued)

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

**COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)**

**JUNE 30, 2020**

	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
<b>LIABILITIES:</b>								
<b>CURRENT LIABILITIES:</b>								
Accounts payable	\$ 244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	78,503	52,852	-	-	-	-
Accrued compensated absences	10,539	-	6,941	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	412,228	-	-
Tenant security deposits	15,435	2,027	91,881	-	-	-	-	-
Unearned revenue	11,080	1,848	31,556	-	-	-	-	-
Current portion of long-term debt	3,111	7,609	-	-	-	265,000	-	-
Other current liabilities	120,429	62,249	-	2,592	-	-	-	-
Accrued liabilities	197,292	2,392	196,411	190,080	33,404	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>358,130</b>	<b>76,125</b>	<b>405,292</b>	<b>245,524</b>	<b>33,404</b>	<b>677,228</b>	<b>-</b>	<b>-</b>
<b>NONCURRENT LIABILITIES:</b>								
Long-term debt, net of current portion	62,996	35,441	-	-	-	15,102,969	33,807,359	-
Long-term debt, payable to Clackamas County	317,319	540,000	-	-	-	-	-	-
Accrued compensated absences - noncurrent	200,235	-	131,882	-	-	-	-	-
Other noncurrent liabilities - Pension & OPEB liability	577,893	32,979	1,425,890	1,128,146	-	-	-	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,158,443</b>	<b>608,420</b>	<b>1,557,772</b>	<b>1,128,146</b>	<b>-</b>	<b>15,102,969</b>	<b>33,807,359</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>1,516,573</b>	<b>684,545</b>	<b>1,963,064</b>	<b>1,373,670</b>	<b>33,404</b>	<b>15,780,197</b>	<b>33,807,359</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>75,382</b>	<b>4,586</b>	<b>190,238</b>	<b>130,293</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>								
Net investment in capital assets	2,959,090	(320,186)	4,685,292	-	1,364,889	-	-	-
Restricted	146,397	123,258	629,050	460,167	-	422,599	-	-
Unrestricted	476,231	4,180	2,077,165	426,635	-	15,112,251	-	5,747,500
<b>TOTAL NET POSITION</b>	<b>\$ 3,581,718</b>	<b>\$ (192,748)</b>	<b>\$ 7,391,507</b>	<b>\$ 886,802</b>	<b>\$ 1,364,889</b>	<b>15,534,850</b>	<b>-</b>	<b>5,747,500</b>

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

**COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)**

**JUNE 30, 2020**

Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Clayton Mohr Commons	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care 2002	CARES ACT HCV	CARES ACT Mainstream	CARES ACT PH	Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244
60,166	-	-	-	-	-	-	-	-	-	191,521
-	-	-	-	-	-	-	-	-	-	17,480
-	-	-	-	-	-	-	-	-	-	412,228
-	-	-	10,256	-	-	-	-	-	-	119,599
-	-	-	28,672	-	-	207,041	-	-	-	280,197
-	-	68,433	6,234	-	-	-	-	-	-	350,387
177,976	-	-	6,142	-	-	-	-	-	-	369,388
53,837	-	-	-	-	-	-	-	-	(33,404)	640,012
-	-	-	-	-	-	-	-	-	-	-
<u>291,979</u>	<u>-</u>	<u>68,433</u>	<u>51,304</u>	<u>-</u>	<u>-</u>	<u>207,041</u>	<u>-</u>	<u>-</u>	<u>(33,404)</u>	<u>2,381,056</u>
-	-	2,252,898	22,378	-	-	-	-	-	-	51,284,041
-	-	759,669	-	-	-	-	-	-	-	1,616,988
-	-	-	-	-	-	-	-	-	-	332,117
<u>1,008,408</u>	<u>41,950</u>	<u>-</u>	<u>26,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,241,582</u>
<u>1,008,408</u>	<u>41,950</u>	<u>3,012,567</u>	<u>48,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,474,728</u>
<u>1,300,387</u>	<u>41,950</u>	<u>3,081,000</u>	<u>99,998</u>	<u>-</u>	<u>-</u>	<u>207,041</u>	<u>-</u>	<u>-</u>	<u>(33,404)</u>	<u>59,855,784</u>
<u>126,439</u>	<u>5,319</u>	<u>-</u>	<u>5,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>537,897</u>
14,902	-	3,227,373	218,689	-	-	-	-	-	-	12,150,049
-	111,854	89,350	149,564	-	-	-	-	-	-	2,132,239
<u>(650,404)</u>	<u>4,473</u>	<u>27,767</u>	<u>30,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,255,869</u>
<u>\$ (635,502)</u>	<u>\$ 116,327</u>	<u>\$ 3,344,490</u>	<u>\$ 398,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,538,157</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)**

**YEAR ENDED JUNE 30, 2020**

	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	Rental Assistance Vouchers SF-0018V
<b>REVENUES:</b>									
Tenant rental revenue	\$ 510,010	\$ 83,417	\$ 1,733,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tenant revenue - other	15,967	3,708	90,518	-	-	-	-	-	-
<b>Total Tenant Revenue</b>	<b>525,977</b>	<b>87,125</b>	<b>1,823,707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
HUD PHA operating grants	-	-	2,190,511	-	1,267,433	-	-	-	-
HUD PHA capital grants	-	-	-	-	675,583	-	-	-	-
Mgmt fee	-	-	-	317,917	-	-	-	-	-
Asset mgmt fee	-	-	-	53,400	-	-	-	-	-
Bookkeeping fee	-	-	-	39,436	-	-	-	-	-
Other Fees	-	-	-	122,559	-	-	-	-	-
Other government grants	-	-	-	-	-	-	-	-	-
Voucher income	-	-	-	-	-	-	-	-	16,607,332
Investment income	41,345	-	276	6,770	-	24,573	-	-	-
Fraud recovery	-	-	3,502	-	-	-	-	-	25,715
Other revenue	899,627	12,237	16,980	2,765,855	-	-	-	-	695,538
Investment income restricted	-	-	156	-	-	605,000	-	-	-
Gain(Loss) on sale of fixed assets	5,428,595	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>6,895,544</b>	<b>99,362</b>	<b>4,035,132</b>	<b>3,305,937</b>	<b>1,943,016</b>	<b>629,573</b>	<b>-</b>	<b>-</b>	<b>17,328,585</b>
<b>OPERATING EXPENSES:</b>									
Administrative:									
Salaries	132,881	24,720	538,400	987,651	667	-	-	-	541,094
Employee benefit contributions	54,463	6,943	415,924	644,266	508	-	-	-	444,405
Audit fees	1,305	-	15,488	8,950	6,500	-	-	-	13,379
Management fees	-	-	317,917	-	-	-	-	-	-
Bookkeeping fee	-	-	39,436	-	-	-	-	-	-
Office expense	410,840	1,115	209,499	1,042,163	1,705	-	-	-	211,397
Legal expense	12,242	-	11,629	38,592	190	-	-	-	1,355
Travel expense	68	-	9,076	13,886	-	-	-	-	8,152
Asset mgmt fee	-	-	53,400	-	-	-	-	-	-
Other	552,871	-	-	-	122,559	-	-	-	-
Tenant Services:									
Salaries	-	-	19,167	-	-	-	-	-	83,800
Relocation costs	-	-	-	33,894	14,900	-	-	-	-
Employee benefit contributions	-	-	13,384	-	-	-	-	-	43,645
Other expenses	-	-	13,655	-	-	-	-	-	-
Utilities:									
Water	9,589	3,323	201,596	-	-	-	-	-	-
Electricity	9,718	9,067	95,085	8,628	-	-	-	-	-
Gas	24	-	22,583	4,229	-	-	-	-	-
Sewer	26,005	13,177	457,740	-	-	-	-	-	-
Ordinary Maintenance and Operations:									
Labor	27,334	3,354	568,333	13,128	-	-	-	-	-
Employee benefit contributions	20,542	2,563	393,100	7,686	-	-	-	-	-
Materials	5,182	3,914	155,994	756	-	-	-	-	2,940
Contract costs	120,895	7,570	395,716	4,955	187,865	-	-	-	7,370
Protective Services:									
Contract costs	5,213	-	10,456	223	-	-	-	-	200
General Expenses:									
Property insurance	11,607	1,830	67,492	-	-	-	-	-	-
Liability insurance	2,757	533	16,445	2,699	-	-	-	-	5,035
Workers' compensation	1,191	127	22,632	3,997	7	-	-	-	2,078
All other insurance	866	-	6,574	-	-	-	-	-	1,239
Other expenses	-	-	79,637	1,720	626,134	-	-	-	46,909
Payment in lieu of taxes	-	-	90,030	-	-	-	-	-	-
Bad debt - tenant rents	70	-	14,043	-	-	-	-	-	-
Bad debt - other	284	2,473	36,036	-	-	-	-	-	-
Severance expense	-	-	-	-	-	-	-	-	-
Interest expense	2,531	589	-	-	-	605,000	-	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>1,408,478</b>	<b>81,298</b>	<b>4,290,467</b>	<b>2,817,423</b>	<b>961,035</b>	<b>605,000</b>	<b>-</b>	<b>-</b>	<b>1,412,998</b>
<b>INCOME (LOSS) BEFORE OTHER EXPENSES</b>	<b>5,487,066</b>	<b>18,064</b>	<b>(255,335)</b>	<b>488,514</b>	<b>981,981</b>	<b>24,573</b>	<b>-</b>	<b>-</b>	<b>15,915,587</b>

**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)**

**YEAR ENDED JUNE 30, 2020**

Mainstream Vouchers	Clayton Mohr Commons	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care Program	CARES ACT HCV	CARES ACT Mainstream	CARES ACT PH	Eliminations	Total
\$ -	\$ -	\$ 170,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,496,701
-	-	4,735	-	-	-	-	-	-	114,928
-	-	174,820	-	-	-	-	-	-	2,611,629
-	-	-	88,562	-	-	-	-	-	3,546,506
-	-	-	-	-	-	-	-	-	675,583
-	-	-	-	-	-	-	-	(317,917)	-
-	-	-	-	-	-	-	-	(53,400)	-
-	-	-	-	-	-	-	-	(39,436)	-
-	-	-	-	-	-	-	-	(122,559)	-
1,124,035	3,344,490	-	-	513,718	23,851	1,255	87,426	-	3,457,022
16	-	1,245	-	4,180	-	-	-	-	18,245,085
-	-	7,882	-	-	-	-	-	-	74,225
-	-	-	-	-	-	-	-	-	33,397
-	-	-	-	-	-	-	-	-	4,398,119
-	-	-	-	-	-	-	-	-	605,156
-	-	-	-	-	-	-	-	-	5,428,595
<b>1,124,051</b>	<b>3,344,490</b>	<b>183,947</b>	<b>88,562</b>	<b>517,898</b>	<b>23,851</b>	<b>1,255</b>	<b>87,426</b>	<b>(533,312)</b>	<b>39,075,317</b>
29,186	-	22,224	78,795	27,000	13,208	695	-	-	2,396,521
23,307	-	17,397	-	-	9,083	478	-	-	1,616,774
704	-	-	-	-	-	-	-	-	46,326
-	-	17,400	-	-	-	-	-	(317,917)	17,400
-	-	-	-	-	-	-	-	(39,436)	-
10,789	-	9,118	9,767	-	855	45	1,212	-	1,908,505
69	-	-	-	-	-	-	-	-	64,077
405	-	-	-	-	-	-	-	-	31,587
-	-	-	-	-	-	-	-	(53,400)	-
-	-	-	-	-	662	-	-	(122,559)	553,533
-	-	-	-	-	-	-	-	-	102,967
-	-	-	-	-	-	-	-	-	48,794
-	-	-	-	-	-	-	-	-	57,029
-	-	-	-	-	-	-	696	-	14,351
-	-	-	-	-	-	-	-	-	214,508
-	-	5,535	-	-	-	-	-	-	128,033
-	-	-	-	-	-	-	-	-	26,836
-	-	31,876	-	-	-	-	-	-	528,798
-	-	11,150	-	-	-	-	48,317	-	671,616
-	-	-	-	-	-	-	33,899	-	457,790
150	-	2,041	-	-	-	-	286	-	171,263
387	-	24,574	-	-	-	-	-	-	749,332
11	-	-	-	-	-	-	-	-	16,103
-	-	7,044	-	-	-	-	-	-	87,973
264	-	-	-	-	-	-	-	-	27,733
98	-	-	-	-	43	2	1,896	-	32,071
65	-	-	-	-	-	-	-	-	8,744
-	-	-	-	-	-	35	1,120	-	755,555
-	-	-	-	-	-	-	-	-	90,030
-	-	-	-	-	-	-	-	-	14,113
-	-	-	-	-	-	-	-	-	38,793
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	608,120
<b>65,435</b>	<b>-</b>	<b>148,359</b>	<b>88,562</b>	<b>27,000</b>	<b>23,851</b>	<b>1,255</b>	<b>87,426</b>	<b>(533,312)</b>	<b>11,485,275</b>
<b>1,058,616</b>	<b>3,344,490</b>	<b>35,588</b>	<b>-</b>	<b>490,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,590,042</b>

(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)**

**YEAR ENDED JUNE 30, 2020**

	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	Rental Assistance Vouchers SF-0018V
<b>OTHER EXPENSES:</b>									
Extraordinary maintenance	\$ -	\$ -	\$ 4,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Casualty losses recovered	-	-	(59,744)	-	-	-	-	-	-
Grant Expense	6,045	-	-	-	-	-	-	-	-
Housing assistance payments	-	-	-	-	-	-	-	-	15,481,735
Housing assistance payments - port-in	-	-	-	-	-	-	-	-	654,274
Depreciation	152,873	39,536	398,992	-	77,081	-	-	-	5,960
<b>TOTAL OTHER EXPENSES</b>	<b>158,918</b>	<b>39,536</b>	<b>343,982</b>	<b>-</b>	<b>77,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,141,969</b>
<b>NET INCOME (LOSS)</b>	<b>5,328,148</b>	<b>(21,472)</b>	<b>(599,317)</b>	<b>488,514</b>	<b>904,900</b>	<b>24,573</b>	<b>-</b>	<b>-</b>	<b>(226,382)</b>
<b>OPERATING TRANSFER</b>	<b>(6,351,418)</b>	<b>-</b>	<b>591,101</b>	<b>650,000</b>	<b>(737,183)</b>	<b>-</b>	<b>-</b>	<b>5,747,500</b>	<b>100,000</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(1,023,270)</b>	<b>(21,472)</b>	<b>(8,216)</b>	<b>1,138,514</b>	<b>167,717</b>	<b>24,573</b>	<b>-</b>	<b>5,747,500</b>	<b>(126,382)</b>
<b>NET POSITION, June 30, 2019</b>	<b>4,604,988</b>	<b>(171,276)</b>	<b>7,399,723</b>	<b>(251,712)</b>	<b>1,197,172</b>	<b>15,510,277</b>	<b>-</b>	<b>-</b>	<b>(509,120)</b>
<b>NET POSITION, June 30, 2020</b>	<b>\$ 3,581,718</b>	<b>\$ (192,748)</b>	<b>\$ 7,391,507</b>	<b>\$ 886,802</b>	<b>\$ 1,364,889</b>	<b>\$ 15,534,850</b>	<b>\$ -</b>	<b>\$ 5,747,500</b>	<b>\$ (635,502)</b>
<b>OTHER INFORMATION:</b>									
Debt principal payment	\$ 2,852	\$ 7,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



**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)**

**YEAR ENDED JUNE 30, 2020**

Mainstream Vouchers	Clayton Mohr Commons	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care Program	CARES ACT HCV	CARES ACT Mainstream	CARES ACT PH	Eliminations	Total
\$ -	\$ -	\$ 36,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,256
-	-	-	-	-	-	-	-	-	(59,744)
-	-	-	-	-	-	-	-	-	6,045
1,168,423	-	-	-	490,898	-	-	-	-	17,141,056
-	-	-	-	-	-	-	-	-	654,274
-	-	44,943	-	-	-	-	-	-	719,385
<u>1,168,423</u>	<u>-</u>	<u>81,465</u>	<u>-</u>	<u>490,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,502,272</u>
(109,807)	3,344,490	(45,877)	-	-	-	-	-	-	9,087,770
-	-	-	-	-	-	-	-	-	-
(109,807)	3,344,490	(45,877)	-	-	-	-	-	-	9,087,770
226,134	-	444,201	-	-	-	-	-	-	28,450,387
<u>\$ 116,327</u>	<u>\$ 3,344,490</u>	<u>\$ 398,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,538,157</u>
\$ -	\$ -	\$ 6,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,538

**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, 2020**

	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	Total Low Rent Public Housing and Capital Grant Program
<b>ASSETS:</b>						
<b>CURRENT ASSETS:</b>						
Cash:						
Cash - unrestricted	\$ 336,425	\$ 614,719	\$ 635,381	\$ 161,151	\$ -	\$ 1,747,676
Cash - security deposits	19,990	33,359	17,450	21,082	-	91,881
Total Cash	356,415	648,078	652,831	182,233	-	1,839,557
Accounts Receivable:						
HUD	6,568	11,677	1,082	14,077	-	33,404
Miscellaneous	14,474	56,471	13,822	40,942	-	125,709
Tenants	17,521	51,575	4,116	20,899	-	94,111
Allowance for doubtful accounts:						
Rents	(5,842)	(12,893)	(1,037)	(6,142)	-	(25,914)
Other	(6,655)	(25,413)	(6,717)	(19,796)	-	(58,581)
Fraud recovery	-	(2,678)	(702)	(409)	-	(3,789)
Fraud recovery	-	8,927	2,340	1,364	-	12,631
Total Accounts Receivable	26,066	87,666	12,904	50,935	-	177,571
Prepaid expenses and other assets	14,590	23,022	11,137	15,480	-	64,229
Inventory	69,311	-	-	-	-	69,311
Allowance for obsolete inventories	(50,097)	-	-	-	-	(50,097)
<b>TOTAL CURRENT ASSETS</b>	416,285	758,766	676,872	248,648	-	2,100,571
<b>RESTRICTED CASH AND INVESTMENTS</b>	-	629,050	-	-	-	629,050
<b>NONCURRENT ASSETS:</b>						
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	4,842,089	13,125,014	2,360,175	2,984,980	-	23,312,258
Furniture and equipment - administration	414,364	62,451	21,249	54,657	-	552,721
Site and leasehold improvements	767,911	1,323,612	1,271,526	1,297,681	-	4,660,730
Accumulated depreciation	(5,652,972)	(12,093,657)	(3,405,585)	(3,845,862)	-	(24,998,076)
<b>TOTAL NONCURRENT ASSETS</b>	390,933	4,842,962	258,137	558,149	-	6,050,181
<b>TOTAL ASSETS</b>	807,218	7,835,778	935,009	806,797	-	10,384,802
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	115,506	227,662	103,500	111,632	-	558,300
<b>TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES</b>	922,724	8,063,440	1,038,509	918,429	-	10,943,102
<b>LIABILITIES:</b>						
<b>CURRENT LIABILITIES:</b>						
Accrued wages	19,236	26,331	14,686	18,250	-	78,503
Accrued compensated absences	673	2,566	3,022	680	-	6,941
Tenant security deposits	19,990	33,359	17,450	21,082	-	91,881
Unearned revenue	4,396	19,017	3,329	4,814	-	31,556
Accrued liabilities	49,175	92,503	42,145	45,992	-	229,815
Due to other funds	-	-	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	93,470	173,776	80,632	90,818	-	438,696
<b>NONCURRENT LIABILITIES:</b>						
Accrued compensated absences - noncurrent	12,792	48,757	57,417	12,916	-	131,882
Other noncurrent liabilities - Pension & OPEB liability	300,157	558,930	271,237	295,566	-	1,425,890
<b>TOTAL NONCURRENT LIABILITIES</b>	312,949	607,687	328,654	308,482	-	1,557,772
<b>TOTAL LIABILITIES</b>	406,419	781,463	409,286	399,300	-	1,996,468
<b>DEFERRED INFLOWS OF RESOURCES</b>	40,698	73,915	35,559	40,066	-	190,238
<b>NET POSITION:</b>						
Net investment in capital assets	390,933	4,842,962	258,137	558,149	-	6,050,181
Restricted	-	629,050	-	-	-	629,050
Unrestricted	84,674	1,736,050	335,527	(79,086)	-	2,077,165
<b>TOTAL NET POSITION</b>	\$ 475,607	\$ 7,208,062	\$ 593,664	\$ 479,063	\$ -	\$ 8,756,396

**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, 2020**

	AMP 1			AMP 2			AMP 3		
	Operating	Capital Fund	Total	Operating	Capital Fund	Total	Operating	Capital Fund	Total
<b>REVENUES:</b>									
Tenant rental revenue	\$ 311,931	\$ -	\$ 311,931	\$ 626,316	\$ -	\$ 626,316	\$ 256,248	\$ -	\$ 256,248
Tenant revenue - other	14,974	-	14,974	23,272	-	23,272	19,911	-	19,911
HUD PHA grants	427,158	83,941	511,099	509,715	125,049	634,764	397,076	90,605	487,681
HUD PHA capital grants	-	151,189	151,189	-	319,080	319,080	-	34,555	34,555
Investment income	50	-	50	97	-	97	87	-	87
Investment income restricted	-	-	-	156	-	156	-	-	-
Fraud recovery	-	-	-	-	-	-	1,942	-	1,942
Other revenue	52	-	52	634	-	634	45	-	45
Gain (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>754,165</b>	<b>235,130</b>	<b>989,295</b>	<b>1,160,190</b>	<b>444,129</b>	<b>1,604,319</b>	<b>675,309</b>	<b>125,160</b>	<b>800,469</b>
<b>EXPENSES:</b>									
Administrative:									
Administrative salaries	88,823	-	88,823	174,297	667	174,964	126,295	-	126,295
Auditing fees	2,286	1,183	3,469	5,242	1,733	6,975	2,474	1,195	3,669
Employee benefit contributions	76,198	-	76,198	134,894	507	135,401	74,502	-	74,502
Office expense	36,516	1,705	38,221	62,640	-	62,640	35,908	-	35,908
Legal expense	1,141	190	1,331	4,611	-	4,611	857	-	857
Travel expense	1,356	-	1,356	2,330	-	2,330	1,566	-	1,566
Other	-	22,304	22,304	-	32,668	32,668	-	22,529	22,529
	206,320	25,382	231,702	384,014	35,575	419,589	241,602	23,724	265,326
Tenant services:									
Salaries	3,558	-	3,558	5,208	-	5,208	3,591	-	3,591
Relocation costs	-	375	375	-	1,852	1,852	-	9,089	9,089
Employee benefit contributions	2,486	-	2,486	3,639	-	3,639	2,509	-	2,509
Other expenses	2,862	-	2,862	1,808	-	1,808	3,536	-	3,536
	8,906	375	9,281	10,655	1,852	12,507	9,636	9,089	18,725
Utilities:									
Water	37,521	-	37,521	72,374	-	72,374	30,147	-	30,147
Electricity	9,032	-	9,032	1,435	-	1,435	6,344	-	6,344
Gas	-	-	-	1,041	-	1,041	950	-	950
Sewer/Other utilities	100,254	-	100,254	116,230	-	116,230	61,594	-	61,594
	146,807	-	146,807	191,080	-	191,080	99,035	-	99,035
Ordinary maintenance and operations:									
Labor	108,469	-	108,469	187,783	-	187,783	77,083	-	77,083
Materials	24,323	-	24,323	59,964	-	59,964	18,361	-	18,361
Contracts	78,012	2,424	80,436	136,143	5,945	142,088	63,329	1,469	64,798
Employee benefits	61,825	-	61,825	146,919	-	146,919	58,025	-	58,025
	272,629	2,424	275,053	530,809	5,945	536,754	216,798	1,469	218,267
Protective services:									
Contract costs	100	-	100	168	-	168	27	-	27
General:									
Property insurance	9,467	-	9,467	22,122	-	22,122	9,652	-	9,652
Liability insurance	3,021	-	3,021	4,550	-	4,550	3,024	-	3,024
Workers' compensation	4,195	-	4,195	7,610	7	7,617	3,157	-	3,157
All other insurance	1,225	-	1,225	1,758	-	1,758	1,225	-	1,225
Other	828	-	828	992	-	992	2,112	-	2,112
Payments in lieu of taxes	16,280	-	16,280	42,911	-	42,911	15,500	-	15,500
Bad Debt - rent	4,342	-	4,342	3,518	-	3,518	63	-	63
Bad debt - other	4,171	-	4,171	10,566	-	10,566	5,359	-	5,359
Management fee	68,807	-	68,807	101,592	-	101,592	69,749	-	69,749
Accounting fee	8,768	-	8,768	12,945	-	12,945	8,888	-	8,888
Asset management fee	12,000	-	12,000	17,400	-	17,400	12,000	-	12,000
	133,104	-	133,104	225,964	7	225,971	130,729	-	130,729
Other:									
Extraordinary maintenance	-	-	-	4,734	-	4,734	-	-	-
Casualty losses recovered	-	-	-	(50,019)	-	(50,019)	-	-	-
Grant Expense	-	-	-	-	-	-	-	-	-
Depreciation expense	30,141	11,534	41,675	243,880	49,770	293,650	21,566	4,900	26,466
	30,141	11,534	41,675	198,595	49,770	248,365	21,566	4,900	26,466
<b>TOTAL EXPENSES:</b>	<b>798,007</b>	<b>39,715</b>	<b>837,722</b>	<b>1,541,285</b>	<b>93,149</b>	<b>1,634,434</b>	<b>719,393</b>	<b>39,182</b>	<b>758,575</b>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER OPERATING EXPENSES</b>	<b>(43,842)</b>	<b>195,415</b>	<b>151,573</b>	<b>(381,095)</b>	<b>350,980</b>	<b>(30,115)</b>	<b>(44,084)</b>	<b>85,978</b>	<b>41,894</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Operating transfers in	125,760	-	125,760	81,669	-	81,669	56,323	-	56,323
Equity transfers	38,582	(38,582)	-	300,816	(300,816)	-	20,255	(20,255)	-
Operating transfers out	-	(55,760)	(55,760)	-	(81,669)	(81,669)	-	(56,323)	(56,323)
Special Item (Net gain/loss)	-	-	-	-	-	-	-	-	-
	164,342	(94,342)	70,000	382,485	(382,485)	-	76,578	(76,578)	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE</b>	<b>\$ 120,500</b>	<b>\$ 101,073</b>	<b>\$ 221,573</b>	<b>\$ 1,390</b>	<b>\$ (31,505)</b>	<b>\$ (30,115)</b>	<b>\$ 32,494</b>	<b>\$ 9,400</b>	<b>\$ 41,894</b>

AMP 4			AMP 5			Low Rent Public Housing and Capital Grant Program Total
Operating	Capital Fund	Total	Operating	Capital Fund	Total	
\$ 229,010	\$ -	\$ 229,010	\$ 309,684	\$ -	\$ 309,684	\$ 1,733,189
26,665	-	26,665	5,696	-	5,696	90,518
499,259	83,088	582,347	357,303	884,750	1,242,053	3,457,944
-	170,759	170,759	-	-	-	675,583
30	-	30	12	-	12	276
-	-	-	-	-	-	156
-	-	-	1,560	-	1,560	3,502
52	-	52	16,197	-	16,197	16,980
-	-	-	-	-	-	-
<u>755,016</u>	<u>253,847</u>	<u>1,008,863</u>	<u>690,452</u>	<u>884,750</u>	<u>1,575,202</u>	<u>5,978,148</u>
90,006	-	90,006	58,979	-	58,979	539,067
3,012	1,195	4,207	2,473	1,195	3,668	21,988
77,426	-	77,426	52,905	-	52,905	416,432
40,409	-	40,409	34,026	-	34,026	211,204
2,903	-	2,903	2,117	-	2,117	11,819
1,283	-	1,283	2,541	-	2,541	9,076
-	22,529	22,529	-	22,529	22,529	122,559
<u>215,039</u>	<u>23,724</u>	<u>238,763</u>	<u>153,041</u>	<u>23,724</u>	<u>176,765</u>	<u>1,332,145</u>
3,591	-	3,591	3,219	-	3,219	19,167
-	990	990	-	2,594	2,594	14,900
2,509	-	2,509	2,241	-	2,241	13,384
3,035	-	3,035	2,414	-	2,414	13,655
<u>9,135</u>	<u>990</u>	<u>10,125</u>	<u>7,874</u>	<u>2,594</u>	<u>10,468</u>	<u>61,106</u>
39,400	-	39,400	22,154	-	22,154	201,596
10,441	-	10,441	67,833	-	67,833	95,085
939	-	939	19,653	-	19,653	22,583
102,851	-	102,851	76,811	-	76,811	457,740
<u>153,631</u>	<u>-</u>	<u>153,631</u>	<u>186,451</u>	<u>-</u>	<u>186,451</u>	<u>777,004</u>
113,600	-	113,600	81,398	-	81,398	568,333
36,776	-	36,776	16,570	-	16,570	155,994
69,528	2,051	71,579	48,704	175,976	224,680	583,581
64,975	-	64,975	61,356	-	61,356	393,100
<u>284,879</u>	<u>2,051</u>	<u>286,930</u>	<u>208,028</u>	<u>175,976</u>	<u>384,004</u>	<u>1,701,008</u>
101	-	101	10,060	-	10,060	10,456
14,854	-	14,854	11,397	-	11,397	67,492
3,072	-	3,072	2,778	-	2,778	16,445
4,371	-	4,371	3,299	-	3,299	22,639
1,249	-	1,249	1,117	-	1,117	6,574
543	-	543	75,163	626,133	701,296	705,771
7,432	-	7,432	7,907	-	7,907	90,030
3,261	-	3,261	2,859	-	2,859	14,043
14,542	-	14,542	1,398	-	1,398	36,036
69,337	-	69,337	8,432	-	8,432	317,917
8,835	-	8,835	-	-	-	39,436
12,000	-	12,000	-	-	-	53,400
<u>139,496</u>	<u>-</u>	<u>139,496</u>	<u>114,350</u>	<u>626,133</u>	<u>740,483</u>	<u>1,369,783</u>
-	-	-	-	-	-	4,734
-	-	-	(9,725)	-	(9,725)	(59,744)
-	-	-	-	-	-	-
46,442	10,877	57,319	56,963	-	56,963	476,073
46,442	10,877	57,319	47,238	-	47,238	421,063
<u>848,723</u>	<u>37,642</u>	<u>886,365</u>	<u>727,042</u>	<u>828,427</u>	<u>1,555,469</u>	<u>5,672,565</u>
(93,707)	216,205	122,498	(36,590)	56,323	19,733	305,583
56,323	-	56,323	56,323	-	56,323	376,398
56,973	(56,973)	-	14,159	(14,159)	-	-
-	(56,323)	(56,323)	(70,000)	(56,323)	(126,323)	(376,398)
-	-	-	(146,082)	-	(146,082)	(146,082)
<u>113,296</u>	<u>(113,296)</u>	<u>-</u>	<u>(145,600)</u>	<u>(70,482)</u>	<u>(216,082)</u>	<u>(146,082)</u>
<u>\$ 19,589</u>	<u>\$ 102,909</u>	<u>\$ 122,498</u>	<u>\$ (182,190)</u>	<u>\$ (14,159)</u>	<u>\$ (196,349)</u>	<u>\$ 159,501</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, 2020**

**REVENUES:**

HUD administrative fee	\$ 1,333,379
Fraud revenue	12,855
Other	<u>695,537</u>
<b>Total revenues</b>	<u>2,041,771</u>

**EXPENSES:**

Administrative salaries	624,894
Employee benefits	488,048
Other administrative costs	297,662
Insurance	8,352
Other general (Port-In)	<u>654,274</u>
<b>Total expenses</b>	<u>2,073,230</u>

**EXCESS OF EXPENSES OVER REVENUES** (31,459)

**TRANSFERS**

Operating transfer within the Authority	88,376
---	--------

**UNRESTRICTED NET POSITION, June 30, 2019** (692,419)

**UNRESTRICTED NET POSITION, June 30, 2020** \$ (635,502)

**HAP REVENUE:**

HUD Housing Assistance Payments revenue	\$ 15,273,953
Fraud revenue	12,860
FSS Escrow Forfeitures	-
Investment revenue	<u>-</u>
<b>Total HAP revenue</b>	15,286,813

**HAP EXPENSES** 15,481,735

**EXCESS OF HAP REVENUES OVER EXPENSES** (194,922)

**TRANSFERS**

Operating transfer within this fund	11,624
-------------------------------------	--------

**RESTRICTED NET POSITION, June 30, 2019** 183,298

**RESTRICTED NET POSITION, June 30, 2020** \$ -

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

**SCHEDULE OF CLACKAMAS APARTMENTS CASH BALANCE**

**JUNE 30, 2020**

Cash:		
Cash and cash equivalents - unrestricted	\$	90,197
Cash and cash equivalents - restricted		<u>2,027</u>
Total		<u>92,224</u>
Less current obligations:		
Trust deed interest payable (15 days of interest)		54
Accounts payable (due within 30 days)		-
Accrued expenses		2,392
Tenant/resident security deposits		2,027
Unearned revenue		<u>1,848</u>
Total current obligations		<u>6,321</u>
Cash balance in excess of current obligations	\$	<u><u>85,903</u></u>

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

**SCHEDULE OF CAPITAL FUND PROGRAM**

**YEAR ENDED JUNE 30, 2020**

	<u>Capital Fund Program Grant Approved</u>	<u>Capital Fund Program Grant Expended</u>
Public Housing Capital Fund 2012 Replacement Housing Factor (RHF)	<u>\$ 12,914</u>	<u>\$ 12,914</u>
Public Housing Capital Fund 2016	<u>\$ 881,090</u>	<u>\$ 881,090</u>
Public Housing Capital Fund 2017	<u>\$ 894,204</u>	<u>\$ 894,204</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, the financial statements of Housing Authority of Clackamas County (the Authority), a component unit of Clackamas County, Oregon, and the aggregate discretely presented component units, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 23, 2020. Our report includes reference to other auditors who audited the financial statements of Easton Ridge LLC and Pedcor Investments – 2016-CLV, LP, the discretely presented component units, as described in our report of the Authority's financial statements. The financial statements of Easton Ridge LLC Pedcor Investments – 2016-CLV, LP were not audited in accordance with *Government Auditing Standards*.

### **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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss Adams, LLP*

Eugene, Oregon  
December 23, 2020

## **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**

We have audited Housing Authority of Clackamas County's (the Authority), a component unit of Clackamas County, Oregon, compliance with the types of compliance requirements described 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, 2020. 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.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of 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, 2020.

## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Moss Adams, LLP*

Eugene, Oregon  
December 23, 2020

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2020**

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA No.</u>	<u>Expenditures</u>
<b>DIRECT FROM:</b>		
<b>U.S. Department of Housing and Urban Development:</b>		
Public and Indian Housing	14.850	\$ 2,190,511
COVID-19 - Public and Indian Housing	14.850	87,426
Public and Indian Housing		<u>2,277,937</u>
Public Housing Capital Fund	14.872	<u>1,943,016</u>
Housing Choice Vouchers	14.871	16,607,332
COVID-19 - Housing Choice Vouchers	14.871	23,851
Mainstream Vouchers	14.879	1,124,035
COVID-19 - Mainstream Vouchers	14.879	1,255
Housing Voucher Cluster		<u>17,756,473</u>
Residential Opportunity and Supportive Services - Service Coordinators	14.870	<u>88,562</u>
Shelter Plus Care	14.238	<u>513,718</u>
<b>Total U.S. Department of Housing and Urban Development</b>		<u>22,579,706</u>
<b>U.S. Department of Agriculture:</b>		
Farm Labor Housing Loans and Grants	10.405	<u>4,347</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 22,584,053</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, 2020**

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, 2020. 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, 2020.

**HOUSING AUTHORITY OF CLACKAMAS COUNTY  
(A COMPONENT UNIT OF CLACKAMAS COUNTY, OREGON)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**Section I - Summary of Auditor's Results**

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***Financial Statements***

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

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>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
14.871, 14.879	Housing Voucher Cluster	<i>Unmodified</i>
14.872	Public Housing Capital Fund	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

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**Section II - Financial Statement Findings**

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None reported

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**Section III - Federal Award Findings and Questioned Costs**

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None reported

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH OREGON MINIMUM AUDIT STANDARDS**



## **Report of Independent Auditors on Compliance and on Internal Control Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards***

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

We have audited the basic financial statements of Housing Authority of Clackamas County (the Authority), a component unit of Clackamas County, Oregon, and the aggregate discretely presented component units, as of and for the year ended June 30, 2020, and have issued our report thereon dated December 23, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. Our report includes reference to other auditors who audited the financial statements of Easton Ridge LLC and Pedcor Investments-2016-CLV, LP, the aggregate discretely presented component units, as described in our report of the Authority's financial statements. The financial statements of Easton Ridge LLC and Pedcor Investments-2016-CLV, LP were not audited in accordance with *Government Auditing Standards* or provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

### **Compliance**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Oregon Secretary of State.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Moss Adams LLP  
Eugene, Oregon  
December 23, 2020