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, 2016

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, 2016

Name	Term Expires
John Ludlow, Chair 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2016
Paul Savas, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2018
Jim Bernard, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2018
Tootie Smith, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2016
Martha Schrader, Commissioner 2051 Kaen Road Oregon City, Oregon 97045	December 31, 2016
Paul Reynolds, Commissioner (Appointed) 2051 Kaen Road Oregon City, Oregon 97045	May 31, 2017

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
Chuck Robbins
13930 South Gain Street
Oregon City, Oregon 97045

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of Housing Authority of Clackamas County (the Authority), a component unit of Clackamas County, Oregon, and the discretely presented component unit, as of and for the year ended June 30, 2016, 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of Easton Ridge LLC, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Easton Ridge LLC, 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 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 Authority'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 opinion.

MOSS ADAMS LLP

Opinion

In our opinion, based on our audit and report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Authority of Clackamas County and its discretely presented component unit, as of June 30, 2016, and the respective changes in financial position and cash flows 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 7, and the schedules on page 35 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 an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information on pages 36 to 44, and the 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 pages 49 to 50, is presented for purposes of additional analysis and is 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 on opinion or provide any assurance on it.

MOSS ADAMS LLP

Reports of 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 5, 2016, 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 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 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 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 5, 2016 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.

James C. Lagarotta

For Moss Adams LLP
Eugene, Oregon
December 5, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

JUNE 30, 2016

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, 2016. 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 $28,703, a decrease of $2,425 over the prior fiscal year. Of this amount, $19,142 (unrestricted net position) may be used to meet our ongoing obligations to provide low cost housing.
- The Authority's total assets were $50,181, a decrease of $1,895 from the prior fiscal year, primarily due to release of restricted cash in the form of a grant of $1,300 and a decrease in net capital assets.
- Total liabilities were $21,464, an increase of $1,499 from the prior fiscal year primarily as a result of recording Oregon PERS pension liability.
- Change in Net Position was a loss of $(2,425). It was a significant decrease from the prior year due to recording Oregon PERS expense as well as a one-time grant of $1,300.
- Total operating revenues were $18,789, an increase of $2,296, mainly from an increase in Voucher income. Total non-operating revenues were $1,065 in 2016 and $1,077 in 2015.
- Total operating expenses were $22,235, an increase of $5,177 due primarily to increased Voucher housing payments, Oregon PERS and the $1,300 grant. Total non-operating expenses were $638 in 2016 and $643 in 2015.
- Capital contributions amounted to $593, primarily from HUD, which were used for the acquisition of capital assets, whereas in 2015 the amount was $103.

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.

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 discrete presentation of Easton Ridge Apartments LLC (the Apartments), a separate 264-unit apartment complex formerly owned by the Authority until sold to a tax credit partnership, located in Clackamas, Oregon and which receives no governmental assistance.

Authority Financial Analysis

Net Position

The following provides summary of the Authority's net position for 2016 and 2015:

	2016	2015
Assets:	$(000's)	
Assets, excluding capital assets	$ 41,975	$ 43,752
Capital assets	8,206	8,324
Total assets	50,181	52,076
Deferred outflows of resources	426	276
Liabilities:		
Current liabilities	2,031	1,991
Noncurrent liabilities	19,433	17,973
Total liabilities	21,464	19,965
Deferred inflows of resources	440	1,259
Net position:		
Net investment in capital assets	7,071	7,134
Restricted	2,489	3,785
Unrestricted	19,142	20,210
Total net position	$ 28,703	$ 31,128

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 $28,703 at the close of the most recent fiscal year.

Twenty-five percent of the Authority's net position, $7,071, reflects its investment in capital assets, primarily housing, less any related debt used to acquire those assets that is still outstanding. Nine percent of the Authority's net position $2,489 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 decreased by $2,425 during the current fiscal year. Net investment in capital assets decreased by $63, due primarily to depreciation slightly exceeding capital additions. Restricted net position decreased by $1,296, primarily due to a grant payment of $1,300. The unrestricted net position of the Authority decreased by $1,068 primarily due to recording the impact of Oregon PERS.

Changes in Net Position

The following provides a summary of the Authority's change in net position for 2016 compared to 2015:

	2016	2015
Revenues:	$(000's)	
Intergovernmental revenues	$ 16,440	$ 14,165
Rental income	1,985	1,963
Other revenue	364	365
Total revenues	18,789	16,493
Expenses:		
Housing assistance payments	12,382	11,112
Other operating expenses	9,853	5,946
Non-operating expenses (income), net	(427)	(434)
Total expenses	21,808	16,624
Net income (loss) before contributions	(3,019)	(132)
Capital contributions	593	103
Change in net position	(2,425)	(29)
Net position, beginning of year (Previously reported)	31,128	32,363
Cumulative effect implementing GASBS 68	-	(1,206)
Net position, beginning of year (Restated)	31,128	31,157
Net position, end of year	$ 28,703	$ 31,128

Authority Financial Analysis (Continued)

Total revenues increased by $2,296 or 13.9% over last year. Increases over last year's revenues resulted primarily from an increase in Voucher rental income of $2,062, due to increased Voucher utilization. Total operating expenses increased by $5,177 due primarily to increased HAP payments, a grant issued for $1,300 and $1,694 in pension expense due to recording pension expense under GASB 68.

Capital Asset and Debt Analysis

The Authority's total investment in gross capital assets of $39,320 decreased approximately $118 from the prior fiscal year due to depreciation exceeding capital additions. Major capital additions were primarily funded by HUD grant payments for the upgrade and maintenance of affordable and public housing. Long-term debt decreased $291 from $17,794 to $17,503 as a result of a reduction in debt.

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

Economic Factors

The Authority's programs are dependent on federal funding. The federal government has begun to limit funding for the Authority's major programs. Calendar year 2016 administrative fee funding for the Housing Choice voucher program (the "Program") was about 82% of fee eligibility, for example. Due to HUD's underfunding of the Program, the Authority is subsidizing administrative costs with local projects proceeds. Additionally, the Programs funding is based on HUD's calculation of Fair Market rents ("FMR"). HUD's calculation of FMR's is much lower than actual market rents being experienced in the Portland Metropolitan area and is a historical calculation that has not kept up with market conditions. The recent change in the rental market to a vacancy rate of less than 3% and the Portland Metropolitan area being the 5th highest rental market in the nation has not been captured by HUD's calculation. It is estimated the FMRs used to calculate the Authority's funding are approximately 11% below market rents. Based on these factors, the Authority cannot issue and serve all 1,656 vouchers it is allotted. At this time the Authority is utilizing 100% of its rental assistance dollars and only serving 95% of its vouchers. The Authority's Public Housing subsidy for calendar year 2016 was about 90% of subsidy eligibility while the physical needs assessment is about three times the amount funded by HUD.

Financial Contact

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

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

JUNE 30, 2016

		Housing Authority of Clackamas County		Component Unit Easton Ridge LLC
ASSETS:				
Current assets:				
Cash and cash equivalents	$	2,750,149	$	518,578
Investments		3,160,918		-
Accounts receivable, net of allowance for doubtful accounts of $79,511		3,622,760		27,336
Notes receivable		240,000		
Inventory		24,257		-
Other assets		116,998		343,080
Total current assets		9,915,082		888,994
Restricted assets:				
Cash		3,285,616		113,041
Investments with fiscal agent		408,482		1,830,892
Non-current assets:				
Notes receivable		28,363,341		-
Capital assets not being depreciated		3,174,733		3,229,376
Capital assets being depreciated		5,030,832		32,122,559
TOTAL ASSETS		50,178,086		38,184,862
DEFERRED OUTFLOW OF RESOURCES		429,099		-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES		50,607,185		38,184,862
LIABILITIES:				
Current liabilities:				
Accounts payable and accrued expenses		434,633		3,581,252
Tenant deposits payable from restricted assets		95,870		113,041
Unearned revenue		27,292		8,030
Other current liabilities payable from restricted assets		1,135,337		-
Current portion of long-term debt		337,841		-
Total current liabilities		2,030,973		3,702,323
Non-current liabilities:				
Other - notes payable		-		29,402,545
Long-term liabilities, net of current portion		19,432,939		-
TOTAL LIABILITIES		21,463,912		33,104,868
DEFERRED INFLOW OF RESOURCES		440,408		-
NET POSITION:				
Net investment in capital assets		7,071,350		-
Restricted		2,489,159		-
Unrestricted		19,142,356		5,079,994
TOTAL NET POSITION	$	28,702,865	$	5,079,994

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, 2016

	Housing Authority of Clackamas County	Component Unit Easton Ridge LLC
OPERATING REVENUES:		
Rental income	$ 1,984,915	$ 2,214,411
HUD PHA operating grants	2,601,596	-
Voucher income	13,828,272	-
Other government grants	10,074	-
Other income	364,332	-
Total operating revenues	18,789,189	2,214,411
OPERATING EXPENSES:		
Housing assistance payments	12,381,845	-
Administrative expenses	4,532,155	325,736
Tenant services	277,356	-
Utilities	768,157	221,840
Ordinary maintenance and operations	1,883,461	337,983
General expenses	279,533	31,245
Other expenses	35,701	-
Grant expenses	1,300,000	-
Depreciation and amortization	776,865	1,191,024
Total operating expenses	22,235,073	2,107,828
OPERATING INCOME (LOSS)	(3,445,884)	106,583
NON-OPERATING REVENUE (EXPENSE):		
Interest income	1,065,387	1,222
Interest expense	(638,032)	(1,041,541)
Total non-operating revenue (expense)	427,355	(1,040,319)
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(3,018,529)	(933,736)
Capital contributions	593,409	-
CHANGE IN NET POSITION	(2,425,120)	(933,736)
NET POSITION, June 30, 2015	31,127,985	6,013,730
NET POSITION, June 30, 2016	$ 28,702,865	$ 5,079,994

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

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

	Housing Authority of Clackamas County	Component Unit Easton Ridge LLC
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from grants	$ 16,428,780	$ -
Received from tenants	1,836,353	2,140,316
Payments to suppliers	(6,794,309)	(901,908)
Payments for housing subsidies	(12,381,845)	-
Payments to employees	(843,263)	-
Other	367,370	60,512
NET CASH FROM OPERATING ACTIVITIES	(1,386,914)	1,298,920
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on long-term debt	(280,285)	(235,000)
Interest paid on long-term debt	(638,032)	(625,250)
Capital contributions	593,409	-
Acquisition of capital assets	(658,250)	(685,281)
Principal received on note	235,000	-
Proceeds from long-term debt	-	43,000
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(748,158)	(1,502,531)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	1,065,387	-
Reductions (additions) to restricted investments	119,786	(126,810)
NET CASH FROM INVESTING ACTIVITIES	1,185,173	(126,810)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(949,899)	(330,421)
CASH AND CASH EQUIVALENTS, June 30, 2015	6,985,664	962,040
CASH AND CASH EQUIVALENTS, June 30, 2016	$ 6,035,765	$ 631,619
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:		
Operating income (loss)	$ (3,445,884)	$ 106,583
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation and amortization	776,865	1,191,024
Principal payment forgiven on deferred payment loans	(11,162)	-
Pension expense	1,421,707	-
Change in assets and liabilities:		
Increase in accounts receivable	(156,719)	(1,131)
Increase in other assets	(20,801)	(64)
Increase in unearned revenue	8,176	1,692
Increase (decrease) in accounts payable and accrued expenses	21,894	(1,181)
Decrease in tenant deposits	(19)	1,997
Increase in accrued compensated absences payable	19,029	-
NET CASH FROM OPERATING ACTIVITIES	$ (1,386,914)	$ 1,298,920
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Forgiveness of long-term debt	11,162	-

NOTES TO BASIC FINANCIAL STATEMENTS

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 a tax credit project named Easton Ridge Apartments, (the Project), a 264-unit apartment complex located in Clackamas, Oregon. The Project 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 is considered to be a component unit and included in the Authority because, under GASB 61 guidelines, in management's professional judgment the Project's exclusion would render the financial statements misleading due to its close financial relation to the Authority. Discrete presentation, as opposed to blended presentation, is appropriate since the Project is not fiscally dependent on the Authority. The Project's fiscal year-end is December 31, and its fiscal year ended December 31, 2015 is included in these basic financial statements. Complete financial statements may be obtained from the Authority at PO Box 1510, 13930 S. Gain St., Oregon City, OR 97045.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

The basic financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 estimated fair market 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 implemented Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* for fiscal year ended June 30, 2008. The Authority's annual other post-employment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The Authority's net OPEB Obligation is recognized as a long-term liability in the proprietary fund statements. The amount of which is actuarially determined.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

The Authority does not have an annual appropriated budget for the year ended June 30, 2016. 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.

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.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments are comprised of:

	Unrestricted	Restricted	Total
Deposits	$ 2,750,149	$ 3,285,616	$ 6,035,765
Investments with fiscal agent	-	408,482	408,482
Oregon Treasurer's Local Government Investment Pool	3,160,918	-	3,160,918
	$ 5,911,067	$ 3,694,098	$ 9,605,165

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, 2016, the carrying amount of deposits was $6,035,765 and the bank balance was $6,070,356. Of the Authority's June 30, 2016 bank balance deposit, $855,393 was covered by the FDIC and $5,214,963 was collateralized by the PFCP.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits with Financial Institutions (Continued)

At June 30, 2016, 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.

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.

Investments Measured at Fair Value:		Fair Value Measurements Using			Cost Measurement Using
	Totals as of 6/30/16	Quoted Prices Active Markets in Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Not measured at Fair Value
Time/Interest Bearing Deposits	$ 408,482	$ -	$ -	$ -	$ 408,482
Local Government Investment Pool	3,160,918	-	-	-	3,160,918
Total investments	$ 3,569,400	$ -	$ -	$ -	$ 3,569,400

3. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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.

Investments	Fair Value	Less than 1,080 days
Investments with fiscal agent	$ 408,482	$ 408,482
		$ 408,482
Local government investment pool	3,160,918	
	$ 3,569,400	

Interest Rate Risk (Continued)

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.

Maturity	Minimum %	Actual %
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, 2016. The Authority is also in compliance with its investment policy. The Authority follows the County's credit risk policy which minimizes credit risk by; limiting exposure to poor credits and concentrating the investments in the safest types of securities; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the authority will do business; diversifying the investment portfolio so that potential losses on individual securities will be minimized; and actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc.

Custodial Credit Risk

Custodial risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2016, Authority investments in the amount of $0 are subject to custodial credit risk.

4. NOTES RECEIVABLE

The Notes Receivable balance at June 30, 2016 was $28,603,341. This balance resulted from the Easton Ridge asset sale to Easton Ridge LLC and is comprised of two main amounts. The Authority loaned $16,603,341 of proceeds from its 2013 Series A Bond financing to the Project. The Project 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 $235,000 in 2016. 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. Second, 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.

5. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2015	Increases	Decreases	Transfers	Balance June 30,2016
Capital assets not being depreciated:					
Land	$ 2,938,492	$ -	$ -	$ -	$ 2,938,492
Construction in progress	-	236,241	-	-	236,241
Total capital assets not being depreciated	2,938,492	236,241	-	-	3,174,733
Capital assets being depreciated:					
Buildings and improvements	35,034,418	364,389	-		35,398,807
Furniture and equipment	701,126	57,620	(12,735)	-	746,011
Total capital assets being depreciated	35,735,544	422,009	(12,735)	-	36,144,818
Less accumulated depreciation:					
Buildings and improvements	(29,825,036)	(735,110)	-	-	(30,560,146)
Furniture and equipment	(524,820)	(41,755)	12,735		(553,840)
Total acumulated depreciation	(30,349,856)	(776,865)	12,735	-	(31,113,986)
Total capital assets being deprciated, net	5,385,688	(354,856)	-	-	5,030,832
Total capital assets, net	$ 8,324,180	$ (118,615)	$ -	$ -	$ 8,205,565

Depreciation expense for the Authority was $776,865 for the year ended June 30, 2016.

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 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. This loan has a balance of $57,512 at June 30, 2016, and is noninterest bearing. The loan with the Farmers Home Administration collateralized by property, has a balance of $46,953 at June 30, 2016, payable monthly over the next eleven years and bears interest at 1% per year.

The loan payable to Clackamas County of $857,319 was obtained to construct and purchase low income housing units, is noninterest bearing and requires no payments as long as the Authority operates the facility as low-income housing.

6. LONG-TERM LIABILITIES (Continued)

The Authority issued 2013 Series A revenue bonds in the original amount of $16,550,000 to finance the rehabilitation of the Easton Ridge Apartments (the Project). The Series A bonds have maturities and/or mandatory redemption dates ranging from September 1, 2015 to September 1, 2049, and bear interest ranging from 1.75% to 4.0%. Interest payments are due on March 1 and September 1 of each year until the entire principal balance is retired and all accrued interest is paid.

The Project's assets, all net operating income and certain other revenues of the Authority, are pledged as collateral, in an amount equal to the sum of outstanding principle and interest, or $30,589,825. The pledge will remain in effect until the revenue bonds are paid in full. As of June 30, 2016 pledged debt service was $862,596 for the coming year. The Authority received pledged interest in the amount of $409,822 for 2013 Series A bond interest at June 30, 2016.

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.

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	2013 Easton Ridge A Bonds Payable (Interest 1.75% to 4.0%)	Total
Balance, July 1, 2015	$ 121,557	$ 211,786	$ 857,319	$ 16,550,000	$ 17,740,662
Loan foregiveness	(11,162)				(11,162)
Additions			-	-	-
Deductions	(5,930)	(39,355)	-	(235,000)	(280,285)
Balance, June 30, 2016	104,465	172,431	857,319	16,315,000	17,449,215
Plus unamortized bond premium	-	-	-	53,341	53,341
	$ 104,465	$ 172,431	$ 857,319	$ 16,368,341	$ 17,502,556

Current portion	$ 285,402
Long-term portion	17,217,154
Total	$ 17,502,556

6. LONG-TERM LIABILITIES (Continued)

Future maturities are as follows:

Fiscal Year	Loans Payable	Mortgage Notes Payable	Loan Payable to Clackamas County	2013 A Easton Ridge Bonds Payable	Total	Interest
2017	$ 5,990	$ 39,412	$ -	$ 240,000	$ 285,402	$ 628,301
2018	6,050	38,255	-	245,000	289,305	619,937
2019	6,111	9,843	-	250,000	265,954	613,867
2020	6,172	10,244	-	255,000	271,416	606,302
2021	6,234	10,669	-	265,000	281,903	604,758
2022-2025	16,972	50,676	-	1,165,000	1,232,648	2,255,079
2026-2030	-	13,114	-	1,735,000	1,748,114	2,534,244
2031-2035	-	-	-	2,075,000	2,075,000	2,188,875
2036-2040	-	-	-	2,500,000	2,500,000	1,741,667
2041-2045	-	-	-	3,030,000	3,030,000	1,183,200
2046-2050	-	-	-	4,555,000	4,555,000	475,767
Undetermined	56,936	-	857,319	-	914,255	-
	$ 104,465	$ 172,213	$ 857,319	$ 16,315,000	$ 17,448,997	$ 13,451,997

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	$ 190,728	$ 19,029		$ 209,757	$ 52,439
Net OPEB Obligation	316,771	5,575	-	322,346	-
Net Pension Liability (Asset)	(648,980)	2,385,101	-	1,736,121	-
Loans & Notes Payable	1,190,662	-	(56,447)	1,134,215	45,402
Bonds Payable	16,603,341	-	(235,000)	16,368,341	240,000
Total	$ 17,652,522	$ 2,409,705	$ (291,447)	$ 19,770,780	$ 337,841

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.

7. PENSION PLAN (Continued)

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 http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

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.

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 a 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.

7. PENSION PLAN (Continued)

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 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.

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 0.15 percent on annual benefits above $60,000.

7. PENSION PLAN (Continued)

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, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015. 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, 2016 were approximately $310,000. The rates in effect for the fiscal year ended June 30, 2016 were: (1) Tier1/Tier 2 – 17.64 percent, and (2) OPSRP general service – 10.83 percent.

Actuarial Valuations:

The employer contribution rates effective July 1, 2015, through June 30, 2017, 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.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Investment Rate of Return	7.75 percent

7. PENSION PLAN (Continued)

Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

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 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Discount Rate:

The discount rate used to measure the total pension liability was 7.75 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.

Depletion Date Projection

GASB 67 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 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) 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.

7. PENSION PLAN (Continued)

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 67 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 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range		High Range		OIC Target	
Cash	0.0	%	3.0	%	0.0	%
Debt Securities	15.0		25.0		20.0	
Public Equity	32.5		42.5		37.5	
Private Equity	16.0		24.0		20.0	
Real Estate	9.5		15.5		12.5	
Alternative Equity	0.0		10.0		10.0	
Opportunity Portfolio	0.0		3.0		0.0	
Total					100.0	%

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 2013 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.

7. PENSION PLAN (Continued)

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed Inflation – Mean		2.75

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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	$4,180,840	$1,732,299	$(331,177)

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, 2016, the Authority reported a liability of $1,732,299 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 and rolled forward to June 30, 2015.

7. PENSION PLAN (Continued)

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 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

7. PENSION PLAN (Continued)

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, 2016, the Authority's proportion was 0.03017175 percent.

For the year ended June 30, 2016, the Authority recognized pension expense of $1,693,654. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$93,414	$-
Changes of assumptions	-	-
Net difference between projected and actual earnings on investments	-	363,129
Changes in proportionate share	23,639	-
Differences between employer contributions and proportionate share of system contributions	2,456	77,279
Total (prior to post-measurement date contributions)	119,509	440,408
Contributions made subsequent to measurement date	309,590	-
Net Deferred Outflow/(Inflow) of Resources	$429,099	$440,408

$309,590 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, 2016. 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, 2014, the beginning of the measurement period ended June 30, 2015, is 5.4 years.

7. PENSION PLAN (Continued)

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 2017	$(163,541)
Fiscal Year 2018	(163,541)
Fiscal Year 2019	(163,541)
Fiscal Year 2020	166,103
Fiscal Year 2021	3,620
Thereafter	-
Total	$(320,899)

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.

7. PENSION PLAN (Continued)

Recordkeeping
PERS contracts with VOYA Financial to maintain IAP participant records.

8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Authority Plan

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.

The Authority has not established a trust fund to supplement the costs for the net other post-employment benefit (OPEB) obligation 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 health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. At June 30 2016, there was one retiree that was receiving the post employment implicit healthcare benefit.

The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The Authority is included in the Clackamas County Actuarial Valuation report. The Authority comprises about 2.0% of the total active and retiree covered county employees. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for 2016 and the last four preceding years ended were as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation(cum)
6/30/2016	$ 23,293	65%	$ 322,346
6/30/2015	24,215	46%	316,771
6/30/2014	28,603	52%	303,161
6/30/2013	27,576	55%	289,551
6/30/2012	86,944	23%	277,014

As of July 1 2015, the estimated 2016 actuarial accrued liability for benefits was $292,390, and the actuarial value of assets was $0, resulting in an estimated unfunded actuarial accrued liability (UAAL) of $292,390.

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility, consistent with the long-term perspective of the calculations.

In the most recently conducted actuarial valuation, the entry age normal actuarial cost method was used. A discount rate of 4.0% was used in the most recent actuarial valuation for the closed period. The health care cost assumptions are that health care costs are trending from 5.9% in 2016 to 6.7% in 2030 for the major medical premium component.

B. Retirement Health Insurance Account (RHIA)

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

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

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

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

For fiscal year 2016, participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.53% of annual covered OPERS payroll and 0.45% of OPSRP payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Authority's contributions to RHIA for the years ended June 30, 2014, 2015 and 2016 were $12,315, $11,947, and $10,821 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. Currently, a suit is pending against the Authority for employee discrimination. The Authority believes these allegations to be without merit. However, should there be an adverse judgment against the Authority, the Authority believes liability insurance would be adequate to cover any award.

10. COMMITMENTS

In August of 2015, the Authority awarded Town Center Greens LP $1.3 million of disposition funds and twenty-one (21) Project Based Section 8 Voucher for the project. This includes a rent restriction period of thirty (30) years from the certificate of occupancy.

	Disposition Proceeds
Balance as of July 1, 2015	$ 3,532,053
Interest received	638
Grant awarded	(1,300,000)
Balance as of June 30, 2016	$ 2,232,691

The Authority has no construction and legal commitments under contracts at June 30, 2016. The Authority has a commitment to cover up to $922,000 of operating deficits for Easton Ridge LLC for at least the next five years.

11. RELATED-PARTY TRANSACTIONS

Labor and fringe benefit costs and expenses for human resources, information technology and other professional services totaling approximately $545,000 were paid to various County departments. About $62,000 was accrued as payable to the County at June 30, 2016.

The Authority has unsecured non-recourse loans with the County, in the amount of $857,319. The purpose of the loans is to construct and purchase low income housing units. The loan is noninterest bearing and requires no payments as long as the Authority operates the facility as low-income housing.

12. TAX CREDIT

On March 6, 2013, the Authority sold the Project to Easton Ridge LLC, a tax credit partnership for $18,650,000 in order to substantially rehabilitate the project. The Authority earned a gain of $12,109,644 on the sale. The Authority sold $16,550,000 of 35 year 2013 Series A Bonds. The Authority received $6,415,000 of the Series A Bond proceeds and used the principal and interest reserve and excess revenue to defease the $7,440,000 of outstanding 1996 Series A Easton Ridge Revenue Bonds. The partnership subsequently borrowed an additional $860,000 in HOME funds from the County. These proceeds were loaned to the project and along with a $2,123,757 equity contribution from the tax credit partner were used to rehabilitate the Project for approximately $12 million. As part of the transaction, the Authority accepted a $12,235,000 third mortgage on the property.

The Authority has a .01% equity interest in Easton Ridge LLC and is the managing partner. The Authority has a $922,000 operating deficit obligation until the project earns a coverage ratio of 1.20 in two consecutive years beginning at least three years after project stabilization. The Authority has the option to purchase the investor member's interest in the property in 15 years at the greater of the fair market value of the investor member's interest, or taxes attributable to the sale.

The key agreements include the Trust Indenture for the Series 2013A Revenue Bonds, the Operating Agreement between the Easton Ridge LLC tax credit partnership, the Loan Agreement between the Authority and Easton Ridge LLC relating to the Series 2013A Revenue Bonds, and the Contingent Loan Agreement between the Authority and the County.

13. DISCRETELY PRESENTED COMPONENT UNIT

At December 31, 2015 the long-term notes payable of Easton Ridge LLC (the "Company") consisted of the following:

Housing Authority:	
Term Loan	$16,315,000
Unamortized bond premium/discount – net	(7,455)
Acquisition Loan	12,235,000
Clackamas County	860,000
	$29,402,545

Housing Authority – The proceeds of the Bonds issued by the Housing Authority ("Bond Loan") were loaned to the Company on substantially the same terms of the Bonds. The Bonds mature in varying amounts beginning September 1, 2015 and each year thereafter through September 1, 2049. Stated interest rates range from 2% to 4% per annum with a weighted average interest rate of 3.93% over the term of the Bonds. The Term Loan is payable in interest only payments of $52,300 per month through August 2014 and $71,883 per month thereafter.

13. DISCRETELY PRESENTED COMPONENT UNIT (Continued)

The Acquisition Loan in the original amount of $12,235,000 is due on December 31, 2054 and provides for interest at 3.10% per annum compounded annually. Interest shall be paid annually on March 15 of each year, but only to the extent of Cash Flow as defined in and in the order of priority set forth in the operating agreement.

Clackamas County – The loan agreement with Clackamas County provides for borrowings of up to $860,000 with simple interest at 1% per annum with the accrual of interest beginning on the Project Completion Date. The note is due on December 1, 2054 and is payable in annual principal and interest payments equal to 100% of the Project's Cash Flow as defined and in the order of priority set forth in the Operating Agreement.

Substantially all assets of the Project are pledged as collateral for long-term notes payable with the Bond Loan in the first position, the note payable to Clackamas County in the second position and the Acquisition Loan in the third position.

Principal payments due over the next five years and thereafter are as follows:

Year Ending December 31,	
2016	$ 240,000
2017	245,000
2018	250,000
2019	255,000
2020	265,000
Thereafter	28,155,000
Total	$ 29,410,000

Since the principal payments on the note payable to Clackamas County are dependent upon Cash Flow, which cannot be determined in advance, the balance is classified as being due in 2054.

A summary of interest incurred during the year ended December 31, 2015 and accrued interest at December 31, 2015 is as follows:

	Interest Incurred	Accrued Interest at Dec 31, 2015
Housing Authority:		
Bond Loan	$ 626,032	$ -
Development Fee	26,963	26,963
Clackamas County	8,563	11,906
Acquisition Loan	400.943	1,099,579
	1,062,501	1,138,448
	$1,062,501	$1,138,448

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Other Post-employment Benefit (OPEB) funding progress for the Authority:

Actuarial Date July 1,	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Asset)	Percent Funded	Covered Payroll	UAAL as a Percentage of Covered Payroll
2016	$ -	$ 292,390	$ 292,390	0%	$ 1,818,093	16 %
2014	-	275,803	275,803	0%	1,752,379	16 %
2012	-	306,037	306,037	0%	1,889,742	16 %

Schedule of Authority's Pension Contributions

	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Contractually required contribution	$ 309,000	$ 273,000	$ 278,000	$ 290,000	$ 287,000
Contributions to the contractually required contribution	(309,000)	(273,000)	(278,000)	(290,000)	(287,000)
	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$ 2,058,000	$ 2,025,000	$ 2,087,000	$ 2,113,000	$ 2,087,000
Contribution as a percentage of covered payroll	15.0%	13.5%	13.3%	13.7%	13.8%

	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
Contractually required contribution	$ 256,000	$ 241,000	$ 276,000	$ 268,000	$ 293,000
Contributions to the contractually required contribution	(256,000)	(241,000)	(276,000)	(268,000)	(293,000)
	$ -	$ -	$ -	$ -	$ -
Authority's covered employee payroll	$ 2,085,000	$ 2,049,000	$ 1,836,000	$ 1,787,000	$ 1,748,000
Contribution as a percentage of covered payroll	12.3%	11.8%	15.0%	15.0%	16.8%

Schedule of Authority's Proportionate Share of Net Pension Liability

	FY 2016	FY 2015
Authority's proportion of the net pension liability (asset)	0.03017175%	0.02879496%
Authority's proportionate share of the net pension liability (asset)	$ 1,732,299	$ (652,700)
Authority's covered employee payroll	$ 2,142,000	$ 2,025,000

	FY 2016	FY 2015
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	80.9%	-32.2%
Plan fiduciary net position as a percentage of the total pension liability	91.9%	103.6%

SUPPLEMENTARY INFORMATION

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

COMBINING SCHEDULE OF NET POSITION (FINANCIAL DATA SCHEDULE)

JUNE 30, 2016

	State and Local Projects	Clackamas Apartments	Low Rent Public Housing SF 274	Central Office Program	Capital Grant Program
ASSETS:					
CURRENT ASSETS:					
Cash - unrestricted	$ 32,962	$ 57,672	$ 1,784,885	$ 47,452	$ -
Investments - unrestricted	2,469,713	-	-	114,209	-
Accounts receivable:					
HUD other programs	-	-	-	-	64,487
Other governments	-	-	-	-	-
Miscellaneous	10,139	2,273	119,018	1,335	-
Tenants - rent/misc	1,081	2,423	51,108	-	-
Tenants - fraud	-	-	13,075	-	-
Allowance for doubtful accounts:					
Rents	(1,061)	-	(14,259)	-	-
Other	(3,000)	-	(55,177)	-	-
Fraud recovery	-	-	(5,763)	-	-
Notes receivable					
Accrued interest	-	-	-	-	-
	7,159	4,696	108,002	1,335	64,487
Prepaid expenses and other assets	2,399	-	67,022	47,477	-
Inventory	-	-	68,399	-	-
Allowance for obsolete inventory	-	-	(44,142)	-	-
Due from other funds	-	-	-	87,425	-
TOTAL CURRENT ASSETS	2,512,233	62,368	1,984,166	297,898	64,487
RESTRICTED CASH AND INVESTMENTS:					
Other than security deposits	103,281	127,617	2,232,691	-	-
Security deposits	2,175	1,725	80,809	-	-
	105,456	129,342	2,313,500	-	-
NONCURRENT ASSETS:					
Notes receivable	-	-	-	-	-
Other/joint venture investment	-	-	-	-	-
Capital Assets:					
Land	247,444	78,500	2,522,548	-	-
Buildings and improvements	3,317,542	1,161,873	24,133,215	-	669,969
Furniture and equipment - dwellings	-	-	-	-	-
Furniture and equipment - administration	44,037	-	456,279	37,316	113,622
Site improvements	-	-	4,756,281	-	11,628
Construction in progress	-	-	-	-	236,241
Accumulated depreciation	(2,497,842)	(832,676)	(26,548,531)	(37,316)	(107,194)
Total Capital Assets	1,111,181	407,697	5,319,792	-	924,266
TOTAL ASSETS	3,728,870	599,407	9,617,458	297,898	988,753
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	429,099	-
TOTAL ASSETS and DEFERRED OUTFLOWS OF RESOURCES	3,728,870	599,407	9,617,458	726,997	988,753

Easton Ridge LLC	Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Jannsen Road Apartments	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care	Eliminations	Total
$ 313,112	$ 463,361	$ 25,937	$ 12,453	$ 12,315	$ -	$ -	$ -	$ 2,750,149
523,717	-	-	-	53,279	-	-	-	3,160,918
-	11,779	13,496	16,316	-	-	-		106,078
-	-	-	-	-	-	-	-	-
2,055,888	-	-	-	409	26,792	4,032	-	2,219,886
-	-	-	2,355	-	-	-	-	56,967
-	-	-	-	-	-	-	-	13,075
-	-	-	(251)	-	-	-	-	(15,571)
-	-	-	-	-	-	-	-	(58,177)
-	-	-	-	-	-	-	-	(5,763)
240,000								240,000
1,306,265	-	-	-	-	-	-	-	1,306,265
3,602,153	11,779	13,496	18,420	409	26,792	4,032	-	3,862,760
100	-	-	-	-	-	-	-	116,998
-	-	-	-	-	-	-	-	68,399
-	-	-	-	-	-	-	-	(44,142)
-	-	-	-	-	-	-	(87,425)	-
4,439,082	475,140	39,433	30,873	66,003	26,792	4,032	(87,425)	9,915,082
408,482	539,655	-	12,073	174,429	-	-	-	3,598,228
-	-	-	1,050	10,111	-	-	-	95,870
408,482	539,655	-	13,123	184,540	-	-	-	3,694,098
28,363,341	-	-	-	-	-	-	-	28,363,341
-	-	-	-	-	-	-	-	-
-	-	-	-	90,000	-	-	-	2,938,492
-	-	-	-	1,348,300	-	-	-	30,630,899
-	-	-	-	20,069	-	-	-	20,069
-	68,454	-	-	6,237	-	-	-	725,945
-	-	-	-	-	-	-	-	4,767,909
-	-	-	-	-	-	-	-	236,241
-	(52,900)	-	-	(1,037,531)	-	-	-	(31,113,990)
-	15,554	-	-	427,075	-	-	-	8,205,565
33,210,905	1,030,349	39,433	43,996	677,618	26,792	4,032	(87,425)	50,178,086
-	-	-	-	-	-	-	-	429,099
33,210,905	1,030,349	39,433	43,996	677,618	26,792	4,032	(87,425)	50,607,185

(Continued)

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

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

JUNE 30, 2016

	State and Local Projects	Clackamas Apartments	Low Rent Public Housing SF 274	Central Office Program	Capital Grant Program
LIABILITIES:					
CURRENT LIABILITIES:					
Accounts payable	$ 298	$ -	$ -	$ -	$ -
Accrued wages	-	-	99,867	23,923	-
Accrued compensated absences	29,908	-	22,531	-	-
Accrued interest payable	-	-	-	-	-
Accounts payable HUD PHA programs	-	-	-	-	-
Tenant security deposits	2,175	1,725	80,809	-	-
Unearned revenue	11,555	576	14,040	-	-
Current portion of long-term debt	32,496	6,916	-	-	-
Other current liabilities	92,453	94,000	-	779	-
Accrued liabilities	7,016	2,465	133,297	75,561	13,711
Due to other funds	-	-	-	-	50,776
TOTAL CURRENT LIABILITIES	175,901	105,682	350,544	100,263	64,487
NONCURRENT LIABILITIES:					
Long-term debt, net of current portion	124,197	65,641	-	-	-
Long-term debt, payable to Clackamas County	317,319	540,000	-	-	-
Accrued compensated absences - noncurrent	89,725	-	67,593	-	-
Other noncurrent liabilities - Pension & OPEB liability	-	-	-	2,058,467	-
TOTAL NONCURRENT LIABILITIES	531,241	605,641	67,593	2,058,467	-
TOTAL LIABILITIES	707,142	711,323	418,137	2,158,730	64,487
DEFERRED INFLOWS OF RESOURCES	-	-	-	440,408	-
NET POSITION:					
Net investment in capital assets	637,169	(204,860)	5,319,792	-	924,266
Restricted	10,828	59,138	2,232,691	-	-
Unrestricted	2,373,731	33,806	1,646,838	(1,872,141)	-
TOTAL NET POSITION	$ 3,021,728	$ (111,916)	$ 9,199,321	$ (1,872,141)	$ 924,266

	Easton Ridge LLC	Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Jannsen Road Apartments	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care 2002	Eliminations	Total
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 298
		59,391	-	-	-	-	-	-	183,181
	-	-	-	-	-	-	-	-	52,439
	407,376	-	-	-	-	-	-	-	407,376
	-	-	-	-	-	-	-	-	-
	-	-	-	1,050	10,111	-	-	-	95,870
	-	-	-	470	651	-	-	-	27,292
	240,000	-	-	-	5,990	-	-	-	285,402
	-	540,729	-	-	-	-	-	-	727,961
	-	7,189	-	11,915	-	-	-	-	251,154
	-	-	-	5,825	-	26,792	4,032	(87,425)	-
	647,376	607,309	-	19,260	16,752	26,792	4,032	(87,425)	2,030,973
	16,128,341	-	-	-	41,656	-	-	-	16,359,835
	-	-	-	-	-	-	-	-	857,319
	-	-	-	-	-	-	-	-	157,318
	-	-	-	-	-	-	-	-	2,058,467
	16,128,341	-	-	-	41,656	-	-	-	19,432,939
	16,775,717	607,309	-	19,260	58,408	26,792	4,032	(87,425)	21,463,912
	-	-	-	-	-	-	-	-	440,408
	-	15,554	-	-	379,429	-	-	-	7,071,350
		-	-	12,073	174,429	-	-	-	2,489,159
	16,435,188	407,486	39,433	12,663	65,352	-	-	-	19,142,356
	16,435,188	$ 423,040	$ 39,433	$ 24,736	$ 619,210	$ -	$ -	$ -	$ 28,702,865

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, 2016

	State and Local Projects	Clackamas Apartments	Low Rent Public Housing SF 274	Central Office Program	Capital Grant Program	Easton Ridge LLC
REVENUES:						
Tenant rental revenue	$ 293,793	$ 72,229	$ 1,368,944	$ -	$ -	$ -
Tenant revenue - other	6,874	10,561	86,855	-	-	-
Total Tenant Revenue	300,667	82,790	1,455,799	-	-	-
HUD PHA operating grants	-	-	1,896,692	-	547,206	-
HUD PHA capital grants	-	-	-	-	593,409	-
Mgmt fee		-	-	323,588	-	-
Asset mgmt fee	-	-	-	65,520	-	-
Bookkeeping fee	-	-	-	48,277	-	-
Other Fees				86,750		
Other government grants	2,192	-	-	-	-	-
Voucher income	-	-	-	-	-	-
Investment income	18,141	-	9,166	1,897	-	409,822
Fraud recovery	-	-	4,074	-	-	-
Other revenue	151,989	10,344	16,034	18,704	-	3,963
Investment income restricted	-	-	637	-	-	625,250
Gain(Loss) on sale of fixed assets	-	-	-	-	-	-
TOTAL REVENUES	472,989	93,134	3,382,402	544,736	1,140,615	1,039,035
OPERATING EXPENSES:						
Administrative:						
Salaries	72,860	16,572	410,621	353,743	31,414	-
Employee benefit contributions	28,560	1,969	208,511	1,588,526	19,297	-
Audit fees	1,114	-	20,894	7,053	-	-
Management fees	-	-	323,588	-	-	-
Bookkeeping fee	-	-	48,277	-	-	-
Office expense	22,747	1,693	151,142	262,770	9,648	3,963
Legal expense	723	-	23,325	4,102	-	
Travel expense	21	173	7,113	4,321	-	
Asset mgmt fee	-	-	65,520	-	-	-
Other	-				86,750	
Tenant Services:						
Salaries	-	-	4,422	-	-	-
Relocation costs	-	-	-	-	2,470	
Employee benefit contributions	-	-	4,708	-	-	-
Other expenses	48,945	-	15,737	-	-	-
Utilities:						
Water	2,791	2,720	172,633	-	-	-
Electricity	2,951	7,884	95,340	7,326	-	-
Gas	19	-	34,532	2,717	-	-
Sewer	11,110	11,352	374,955	-	-	-
Ordinary Maintenance and Operations:						
Labor	27,321	13,445	584,652	5,167	-	-
Employee benefit contributions	19,052	10,695	383,083	2,503	-	-
Materials	7,682	427	142,129	455	99	-
Contract costs	67,545	46,886	294,523	3,427	223,783	-
Protective Services:						
Contract costs	2	-	8,609	546	-	-
General Expenses:						
Property insurance	5,861	1,611	61,350	-	-	
Liability insurance	1,927	571	19,516	3,036	-	-
Workers' compensation	1,181	503	22,687	1,347	246	-
All other insurance	1,350	-	12,841	-	-	-
Other expenses	-	-	4,803	-	-	-
Payment in lieu of taxes	-	-	68,144	-	-	-
Bad debt - tenant rents	3,554	830	14,538	-	-	-
Bad debt - other	3,430	2,730	8,858	-	-	-
Interest expense	10,476	1,687	-	-	-	625,250
TOTAL OPERATING EXPENSES	341,222	121,748	3,587,051	2,247,039	373,707	629,213
INCOME (LOSS) BEFORE OTHER EXPENSES	131,767	(28,614)	(204,649)	(1,702,303)	766,908	409,822

Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Jannsen Road Apartments	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care Program	Eliminations	Total
$ -	$ -	$ 22,981	$ 110,296	$ -	$ -	$ -	$ 1,868,243
-	-	2,946	9,436	-	-	-	116,672
-	-	25,927	119,732	-	-	-	1,984,915
-	-	74,838	-	82,860	-	-	2,601,596
-	-	-	-	-	-	-	593,409
-	-	-	-	-	-	(323,588)	-
-	-	-	-	-	-	(65,520)	-
-	-	-	-	-	-	(48,277)	-
						(86,750)	-
-	-	-	7,882	-	-	-	10,074
12,972,299	518,633	-	-	-	337,340	-	13,828,272
-	-	112	345	-	-	-	439,483
53,224	-	-	-	-	-	-	57,298
75,450	-	30,550	-	-	-	-	307,034
-	-	-	17	-	-	-	625,904
-	-	-	-	-	-	-	-
13,100,973	518,633	131,427	127,976	82,860	337,340	(524,135)	20,447,985
539,794	22,994	7,253	6,786	71,601	20,350	-	1,553,988
346,605	14,371	3,288	2,844	-	-	-	2,213,971
12,062	599	-	-	-	-	-	41,722
-	-	-	14,980	-	-	(323,588)	14,980
-	-	-	-	-	-	(48,277)	-
184,931	8,747	409	4,390	11,259	-	-	661,699
1,559	65	799	-	-	-	-	30,573
3,450	144	-	-	-	-	-	15,222
-	-	-	-	-	-	(65,520)	-
						(86,750)	-
76,825	-	-	-	-	-	-	81,247
-	-	-	-		-	-	2,470
46,021	-	-	-	-	-	-	50,729
-	-	78,228	-	-	-	-	142,910
-	-	2,139	-	-	-	-	180,283
-	-	1,464	6,217	-	-	-	121,182
-	-	-	-	-	-	-	37,268
-	-	5,088	26,919	-	-	-	429,424
-	-	5,865	12,314	-	-	-	648,764
-	-	4,298	-	-	-	-	419,631
1,617	63	1,261	4,491	-	-	-	158,224
2,153	55	4,896	13,574	-	-	-	656,842
35	1	-	327	-	-	-	9,520
-	-	1,087	3,059	-	-	-	72,968
6,329	264	257	-	-	-	-	31,900
2,305	84	237	-	-	-	-	28,590
2,142	89	-	-	-	-	-	16,422
21,790	-	-	-	-	-	-	26,593
-	-	-	-	-	-	-	68,144
-	-	400	-	-	-	-	19,322
-	-	576	-	-	-	-	15,594
-	-	-	619	-	-	-	638,032
1,247,618	47,476	117,545	96,520	82,860	20,350	(524,135)	8,388,214
11,853,355	471,157	13,882	31,456	-	316,990	-	12,059,771

(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) (Continued)

YEAR ENDED JUNE 30, 2016

	State and Local Projects	Clackamas Apartments	Low Rent Public Housing SF 274	Central Office Program	Capital Grant Program	Easton Ridge LLC
OTHER EXPENSES:						
Extraordinary maintenance	$ -	$ -	$ 1,875	$ -	$ -	$ -
Casualty losses recovered	-	(7,306)	-	-	-	-
Grant Expense	-	-	1,300,000	-	-	-
Housing assistance payments	-	-	-	-	-	-
Housing assistance payments - port-in	-	-	-	-	-	-
Depreciation	119,014	38,729	532,501	-	39,950	-
TOTAL OTHER EXPENSES	119,014	31,423	1,834,376	-	39,950	-
NET INCOME (LOSS)	12,753	(60,037)	(2,039,025)	(1,702,303)	726,958	409,822
OPERATING TRANSFER	(300,200)	-	576,526	150,200	(576,526)	-
INCREASE (DECREASE) IN NET ASSETS	(287,447)	(60,037)	(1,462,499)	(1,552,103)	150,432	409,822
NET POSITION, June 30, 2015	3,309,175	(51,879)	10,661,820	(320,038)	773,834	16,025,366
NET POSITION, June 30, 2016	$ 3,021,728	$ (111,916)	$ 9,199,321	$ (1,872,141)	$ 924,266	$ 16,435,188
OTHER INFORMATION:						
Debt principal payment	$ 32,708	$ 6,765	$ -	$ -	$ -	$ -

Rental Assistance Vouchers SF-0018V	Mainstream Vouchers	Jannsen Road Apartments	Arbor Terrace Apartments	Resident Self Sufficiency Program	Shelter Plus Care Program	Eliminations	Total
$ -	$ -	$ 12,764	$ 18,848	$ -	$ -	$ -	$ 33,487
-	-	-	-	-	-	-	(7,306)
-	-	-	-	-	-	-	1,300,000
11,527,539	466,932	-	-	-	316,990	-	12,311,461
70,384	-	-	-	-	-	-	70,384
1,728	-	-	44,943	-	-	-	776,865
11,599,651	466,932	12,764	63,791	-	316,990	-	14,484,891
253,704	4,225	1,118	(32,335)	-	-	-	(2,425,120)
150,000		-	-	-	-	-	-
403,704	4,225	1,118	(32,335)	-	-	-	(2,425,120)
19,336	35,208	23,618	651,545	-	-	-	31,127,985
$ 423,040	$ 39,433	$ 24,736	$ 619,210	$ -	$ -	$ -	$ 28,702,865
$ -	$ -	$ -	$ 5,923	$ -	$ -		$ 45,396

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, 2016

	AMP 1	AMP 2	AMP 3	AMP 4	AMP 5	Total Low Rent Public Housing and Capital Grant Program
ASSETS:						
CURRENT ASSETS:						
Cash:						
Cash - unrestricted	$ 186,224	$ 751,638	$ 432,295	$ 121,166	$ 293,562	$ 1,784,885
Cash - security deposits	14,990	27,542	15,630	16,397	6,250	80,809
Total Cash	201,214	779,180	447,925	137,563	299,812	1,865,694
Investments - unrestricted	-	-	-	-	-	-
Accounts Receivable:						
HUD	11,229	36,592	11,589	4,011	1,066	64,487
Miscellaneous	15,319	66,569	6,123	23,090	7,917	119,018
Tenants	2,482	38,819	2,122	3,210	4,475	51,108
Allowance for doubtful accounts:						
Rents	(1,869)	(9,820)	(512)	(956)	(1,102)	(14,259)
Other	(8,363)	(29,983)	(2,836)	(10,400)	(3,595)	(55,177)
Fraud recovery	(44)	(2,294)	-	(3,425)	-	(5,763)
Fraud recovery	147	7,648	-	5,280	-	13,075
Accrued interest	-	-	-	-	-	-
Total Accounts Receivable	18,901	107,531	16,486	20,810	8,761	172,489
Prepaid expenses and other assets	12,482	19,351	10,059	13,144	11,986	67,022
Inventory	64,368	-	-	-	4,031	68,399
Allowance for obsolete inventories	(41,033)	-	-	-	(3,109)	(44,142)
Assets held for sale	-	-	-	-	-	-
TOTAL CURRENT ASSETS	255,932	906,062	474,470	171,517	321,481	2,129,462
RESTRICTED CASH AND INVESTMENTS	-	2,232,691	-	-	-	2,232,691
NONCURRENT ASSETS:						
Capital Assets:						
Land	19,541	2,425,542	10,772	66,693	-	2,522,548
Buildings and improvements	4,539,591	11,711,485	2,167,069	2,612,677	3,772,362	24,803,184
Furniture and equipment - administration	408,483	62,451	10,028	54,659	34,280	569,901
Site and leasehold improvements	762,711	1,219,152	1,244,137	1,297,681	244,228	4,767,909
Construction in progress	14,692	195,549	20,453	5,547	-	236,241
Accumulated depreciation	(5,488,107)	(10,865,602)	(3,236,348)	(3,628,876)	(3,436,792)	(26,655,725)
TOTAL NONCURRENT ASSETS	256,911	4,748,577	216,111	408,381	614,078	6,244,058
TOTAL ASSETS	512,843	7,887,330	690,581	579,898	935,559	10,606,211
LIABILITIES:						
CURRENT LIABILITIES:						
Accounts payable	-	-	-	-	-	-
Accrued wages	22,286	28,955	16,266	15,732	16,628	99,867
Accrued compensated absences	3,420	9,199	3,136	3,420	3,356	22,531
Tenant security deposits	14,990	27,542	15,630	16,397	6,250	80,809
Unearned revenue	1,086	7,367	2,221	1,918	1,448	14,040
Accrued liabilities	20,410	54,742	32,092	8,102	31,662	147,008
Due to other funds	3,713	36,366	6,685	4,011	1	50,776
TOTAL CURRENT LIABILITIES	65,905	164,171	76,030	49,580	59,345	415,031
NONCURRENT LIABILITIES:						
Accrued compensated absences - noncurrent	10,259	27,596	9,410	10,259	10,069	67,593
TOTAL NONCURRENT LIABILITIES	10,259	27,596	9,410	10,259	10,069	67,593
TOTAL LIABILITIES	76,164	191,767	85,440	59,839	69,414	482,624
NET POSITION:						
Net investment in capital assets	256,911	4,748,577	216,111	408,381	614,078	6,244,058
Restricted	-	2,232,691	-	-	-	2,232,691
Unrestricted	179,768	714,295	389,030	111,678	252,067	1,646,838
TOTAL NET POSITION	$ 436,679	$ 7,695,563	$ 605,141	$ 520,059	$ 866,145	$ 10,123,587

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, 2016

	AMP 1			AMP 2			AMP 3		
	Operating	Capital Fund	Total	Operating	Capital Fund	Total	Operating	Capital Fund	Total
REVENUES:									
Tenant rental revenue	$ 195,891	$ -	$ 195,891	$ 478,945	$ -	$ 478,945	$ 229,360	$ -	$ 229,360
Tenant revenue - other	13,663	-	13,663	23,182	-	23,182	14,046	-	14,046
HUD PHA grants	367,725	197,411	565,136	551,438	125,658	677,096	308,288	61,019	369,307
HUD PHA capital grants	-	66,984	66,984	-	389,791	389,791	-	33,655	33,655
Investment income	849	-	849	4,763	-	4,763	1,663	-	1,663
Investment income restricted	-	-	-	637	-	637	-	-	-
Fraud recovery	1,005	-	1,005	-	-	-	-	-	-
Other revenue	42	-	42	208	-	208	4	-	4
Gain (loss) on sale of fixed assets	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	579,175	264,395	843,570	1,059,173	515,449	1,574,622	553,361	94,674	648,035
EXPENSES:									
Administrative:									
Administrative salaries	74,804	1,860	76,664	114,836	27,387	142,223	72,699	536	73,235
Auditing fees	3,931	-	3,931	6,165	-	6,165	3,434	-	3,434
Employee benefit contributions	35,349	1,070	36,419	64,701	16,824	81,525	36,613	463	37,076
Office expense	26,442	4,732	31,174	40,264	-	40,264	22,149	-	22,149
Legal expense	2,998	-	2,998	5,521	-	5,521	4,686	-	4,686
Travel expense	1,378	-	1,378	1,309	-	1,309	1,520	-	1,520
Other	-	15,918	15,918	-	23,080	23,080	-	15,918	15,918
	144,902	23,580	168,482	232,796	67,291	300,087	141,101	16,917	158,018
Tenant services:									
Salaries	816	-	816	1,160	-	1,160	815	-	815
Relocation costs	-	-	-	-	2,470	2,470	-	-	-
Employee benefit contributions	867	-	867	1,240	-	1,240	867	-	867
Other expenses	3,844	-	3,844	1,387	-	1,387	3,914	-	3,914
	5,527	-	5,527	3,787	2,470	6,257	5,596	-	5,596
Utilities:									
Water	33,375	-	33,375	58,533	-	58,533	26,810	-	26,810
Electricity	11,630	-	11,630	2,681	-	2,681	6,711	-	6,711
Gas	1,261	-	1,261	740	-	740	1,158	-	1,158
Sewer/Other utilities	81,412	-	81,412	94,537	-	94,537	51,909	-	51,909
	127,678	-	127,678	156,491	-	156,491	86,588	-	86,588
Ordinary maintenance and operations:									
Labor	106,873	-	106,873	180,656	-	180,656	89,876	-	89,876
Materials	27,871	99	27,970	59,706	-	59,706	8,615	-	8,615
Contracts	50,778	119,916	170,694	111,575	31,486	143,061	46,129	12,263	58,392
Employee benefits	62,867	-	62,867	131,483	-	131,483	59,467	-	59,467
	248,389	120,015	368,404	483,420	31,486	514,906	204,087	12,263	216,350
Protective services:									
Contract costs	185	-	185	267	-	267	67	-	67
General:									
Property insurance	8,998	-	8,998	19,463	-	19,463	8,494	-	8,494
Liability insurance	3,510	-	3,510	5,170	-	5,170	3,639	-	3,639
Workers' compensation	4,159	16	4,175	7,041	213	7,254	3,487	4	3,491
All other insurance	2,715	-	2,715	3,262	-	3,262	2,273	-	2,273
Other	77	-	77	567	-	567	265	-	265
Payments in lieu of taxes	6,722	-	6,722	31,777	-	31,777	14,070	-	14,070
Bad Debt - rent	3,894	-	3,894	4,330	-	4,330	3,522	-	3,522
Bad debt - other	-	-	-	-	-	-	40	-	40
Management fee	58,866	-	58,866	87,269	-	87,269	59,369	-	59,369
Accounting fee	8,782	-	8,782	13,020	-	13,020	8,858	-	8,858
Asset management fee	12,000	-	12,000	17,400	-	17,400	12,000	-	12,000
	109,723	16	109,739	189,299	213	189,512	116,017	4	116,021
Other:									
Extraordinary maintenance	-	-	-	1,875	-	1,875	-	-	-
Casualty losses - noncapitalized	-	-	-	-	-	-	-	-	-
Grant Expense	-	-	-	1,300,000	-	1,300,000	-	-	-
Depreciation expense	27,865	15,930	43,795	308,008	21,885	329,893	50,348	(3,015)	47,333
	27,865	15,930	43,795	1,609,883	21,885	1,631,768	50,348	(3,015)	47,333
TOTAL EXPENSES:	664,269	159,541	823,810	2,675,943	123,345	2,799,288	603,804	26,169	629,973
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER OPERATING EXPENSES	(85,094)	104,854	19,760	(1,616,770)	392,104	(1,224,666)	(50,443)	68,505	18,062
OTHER FINANCING SOURCES (USES):									
Operating transfers in	31,835	-	31,835	46,161	-	46,161	31,835	-	31,835
Equity transfers	22,806	(22,806)	-	362,910	(362,910)	-	17,310	(17,310)	-
Operating transfers out	-	(31,835)	(31,835)	-	(46,161)	(46,161)	-	(31,835)	(31,835)
	54,641	(54,641)	-	409,071	(409,071)	-	49,145	(49,145)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSE	$ (30,453)	$ 50,213	$ 19,760	$ (1,207,699)	$ (16,967)	$ (1,224,666)	$ (1,298)	$ 19,360	$ 18,062

AMP 4			AMP 5			Low Rent Public Housing and Capital Grant
Operating	Capital Fund	Total	Operating	Capital Fund	Total	Program Total
$ 173,991	$ -	$ 173,991	$ 290,757	$ -	$ 290,757	$ 1,368,944
17,657	-	17,657	18,307	-	18,307	86,855
398,394	103,209	501,603	270,847	59,909	330,756	2,443,898
-	5,547	5,547	-	97,432	97,432	593,409
618	-	618	1,273	-	1,273	9,166
-	-	-	-	-	-	637
3,069	-	3,069	-		-	4,074
76	-	76	15,704	-	15,704	16,034
-	-	-	-	-	-	-
593,805	108,756	702,561	596,888	157,341	754,229	4,523,017
74,726	427	75,153	73,556	1,204	74,760	442,035
3,930	-	3,930	3,434	-	3,434	20,894
35,234	227	35,461	36,614	713	37,327	227,808
30,417	-	30,417	31,870	4,916	36,786	160,790
2,718	-	2,718	7,402	-	7,402	23,325
1,376	-	1,376	1,530	-	1,530	7,113
-	15,917	15,917	-	15,917	15,917	86,750
148,401	16,571	164,972	154,406	22,750	177,156	968,715
815	-	815	816	-	816	4,422
-	-	-	-	-	-	2,470
867	-	867	867	-	867	4,708
2,892	-	2,892	3,700	-	3,700	15,737
4,574	-	4,574	5,383	-	5,383	27,337
35,724	-	35,724	18,191	-	18,191	172,633
7,318	-	7,318	67,000	-	67,000	95,340
1,077	-	1,077	30,296	-	30,296	34,532
84,291	-	84,291	62,806	-	62,806	374,955
128,410	-	128,410	178,293	-	178,293	677,460
113,750	-	113,750	93,497	-	93,497	584,652
29,421	-	29,421	16,516	-	16,516	142,228
47,818	54,800	102,618	38,223	5,318	43,541	518,306
70,841	-	70,841	58,425	-	58,425	383,083
261,830	54,800	316,630	206,661	5,318	211,979	1,628,269
185	-	185	7,905	-	7,905	8,609
13,070	-	13,070	11,325	-	11,325	61,350
3,558	-	3,558	3,639	-	3,639	19,516
4,397	3	4,400	3,603	10	3,613	22,933
2,318	-	2,318	2,273	-	2,273	12,841
420	-	420	3,474	-	3,474	4,803
4,492	-	4,492	11,083	-	11,083	68,144
-	-	-	2,792	-	2,792	14,538
5,750	-	5,750	3,068	-	3,068	8,858
59,469	-	59,469	58,615	-	58,615	323,588
8,872	-	8,872	8,745	-	8,745	48,277
12,000	-	12,000	12,120	-	12,120	65,520
114,346	3	114,349	120,737	10	120,747	650,368
-	-	-	-	-	-	1,875
-	-	-	-	-	-	-
-	-	-	-	-	-	1,300,000
44,520	770	45,290	101,760	4,380	106,140	572,451
44,520	770	45,290	101,760	4,380	106,140	1,874,326
702,266	72,144	774,410	775,145	32,458	807,603	5,835,084
(108,461)	36,612	(71,849)	(178,257)	124,883	(53,374)	(1,312,067)
31,835	-	31,835	31,835	-	31,835	173,501
-	-	-	-	-	-	-
-	(31,835)	(31,835)	-	(31,835)	(31,835)	(173,501)
31,835	(31,835)	-	31,835	(31,835)	-	-
$ (76,626)	$ 4,777	$ (71,849)	$ (146,422)	$ 93,048	$ (53,374)	$ (1,312,067)

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, 2016

REVENUES:		
HUD administrative fee	$	1,223,244
Fraud revenue		26,584
Other		74,264
Total revenues		1,324,092
EXPENSES:		
Administrative salaries		616,619
Employee benefits		392,626
Other administrative costs		204,874
Insurance		10,776
Other general (Port-In)		92,175
Total expenses		1,317,070
EXCESS OF EXPENSES OVER REVENUES		7,022
TRANSFERS		
Operating transfer within the Authority		150,000
UNRESTRICTED NET POSITION, June 30, 2015		19,336
UNRESTRICTED NET POSITION, June 30, 2016	$	176,358
HAP REVENUE:		
HUD Housing Assistance Payments revenue	$	11,749,055
Fraud revenue		26,640
Investment revenue		1,186
Total HAP revenue		11,776,881
HAP EXPENSES		11,527,539
EXCESS OF HAP REVENUES OVER EXPENSES		249,342
TRANSFERS		
Operating transfer within this fund		-
RESTRICTED NET POSITION, June 30, 2015		-
RESTRICTED NET POSITION, June 30, 2016	$	249,342

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

SCHEDULE OF CLACKAMAS APARTMENTS CASH BALANCE

JUNE 30, 2016

Cash:	
Cash and cash equivalents - unrestricted	$ 57,672
Cash and cash equivalents - restricted	2,423
Total	60,095
Less current obligations:	
Trust deed interest payable (15 days of interest)	63
Accounts payable (due within 30 days)	-
Accrued expenses	2,465
Tenant/resident security deposits	1,725
Other current obligations	-
Total current obligations	4,253
Cash balance in excess of current obligations	$ 55,842

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

SCHEDULE OF CAPITAL FUND PROGRAM

YEAR ENDED JUNE 30, 2016

	Capital Fund Program Grant Approved	Capital Fund Program Grant Expended
Public Housing Capital Fund 2009	$ 1,194,513	$ 1,194,513
Public Housing Capital Fund 2010	$ 1,183,320	$ 1,183,320

SINGLE AUDIT SECTION

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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 the Housing Authority of Clackamas County (the Authority), a component unit of Clackamas County, Oregon, and its discretely presented component unit, as of and for the year ended June 30, 2016, 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 5, 2016. Our report includes reference to other auditors who audited the financial statements of Easton Ridge LLC, a discretely presented component unit, as described in our report of the Authority's financial statements. The financial statements of Easton Ridge LLC 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) to determine the 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.

MOSS ADAMS LLP

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 5, 2016

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 of
Clackamas County, Oregon, as 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, 2016. 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, contracts, 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, 2016.

MOSS ADAMS LLP

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 5, 2016

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Federal Grantor / Program Title	Federal CFDA No.	Identifying Pass Through Entity No.	Expenditures
DIRECT FROM:			
U.S. Department of Housing and Urban Development:			
Public and Indian Housing	14.850		$ 1,896,692
Public Housing Capital Fund	14.872		1,140,614
Housing Choice Vouchers	14.871		12,972,299
Mainstream Vouchers	14.879		518,633
Housing Voucher Cluster			13,490,932
Residential Opportunity and Supportive Services - Service Coordinators	14.870		82,860
Supportive Housing	14.235		74,838
Shelter Plus Care	14.238		337,340
Total U.S. Department of Housing and Urban Development			17,023,276
U.S. Department of Agriculture:			
Farm Labor Housing Loans and Grants	10.405		7,882
PASS-THROUGH FROM:			
U.S. Department of Labor:			
Workforce (flow-through from Clackamas County Workforce Investment Council)	17.283	15-16-1	2,192
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 17,033,350

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

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, 2016. 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, 2016.

Section I - Summary of Auditor's Results

Financial Statements

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

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 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:

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
14.871, 14.879	Housing Voucher Cluster	*Unmodified*
14.850	Public and Indian Housing	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	☒ Yes ☐ No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

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*

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 discretely presented component unit, as of and for the year ended June 30, 2016, and have issued our report thereon dated December 5, 2016. 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, a discretely presented component unit, as described in our report of the Authority's financial statements. The financial statements of Easton Ridge LLC 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) 162-10-000 to 162-10-330, 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.

MOSS ADAMS LLP

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 entity'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.

James C. Lazarotti

For Moss Adams LLP
Eugene, Oregon
December 5, 2016