

HOUSING AUTHORITY OF YAMHILL COUNTY

Basic Financial Statements, Management's Discussion and Analysis,
and Supplementary Information

As of and for the Years Ended June 30, 2017 and 2016



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

HOUSING AUTHORITY OF YAMHILL COUNTY

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HOUSING AUTHORITY OF YAMHILL COUNTY

BOARD OF COMMISSIONERS

<u>Name and Address</u>	<u>Position</u>	<u>Expiration</u>
Joyce Morrow 13807 NW Willis Road McMinnville, OR 97128	Chair	December 31, 2017
H. Fred Mickelson PO Box 3220 Newberg, OR 97132	Vice-Chair	December 31, 2019
Philip J. Griffin 2004 Hawthorne Loop Newberg, OR 97132	Member	December 31, 2018
Mike Gougler 901 N. Brutscher Newberg, OR 97132	Member	December 31, 2021
Catherine J. Jones McMinnville, OR 97128	Resident Board Member	December 31, 2020

ADMINISTRATION

<u>Name</u>	<u>Title</u>
Elise Hui	Executive Director
James Umfleet	Director of Finance and Information Technology



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Commissioners
Housing Authority of Yamhill County
McMinnville, Oregon

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of Yamhill County, Oregon (the Authority), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's 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 audits. We conducted our audits 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.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

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 Authority'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of June 30, 2017 and 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 6 to 11 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 the financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

Other Information

Our 2017 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Awards Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the basic financial statements. The Financial Data Schedule is presented for the purpose of additional analysis as required by HUD, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accepted in United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2017 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.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

Other Reporting Required by Oregon State Regulations

In accordance with the *Oregon State Regulations*, we have also issued our report dated October 30, 2017, on our consideration of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts for the year ended June 30, 2017. 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.


Max E. Hunt, Managing Member
Loveridge Hunt & Co., PLLC
Bellevue, Washington
OR Municipal License #1410
October 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This portion of the audited financial report is designed to give the reader an overview of the financial activities of the Housing Authority of Yamhill County (Authority) for the fiscal year ending June 30, 2017, and an explanation of the significant changes in the financial statements from the preceding year. It also provides a description of the overall financial position of the Authority and a description of any significant future events that could have an impact on future financial statements or position. Please read it in conjunction with the audited financial statements included in this report.

SUMMARY OF FINANCIAL STATEMENTS

The following statements are included in this audited financial report:

1. Statement of Net Position: A listing of assets, liabilities and net position as of June 30, 2017 and 2016.
2. Statement of Revenues, Expenses and Changes in Net Position for the Year Ending June 30, 2017 and 2016. This statement shows the financial activity for the fiscal year beginning July 1, 2016 and ending June 30, 2017, and for the prior fiscal year beginning July 1, 2015 and ending June 30, 2016. The "Operating" activity is shown separately from the other activities that are not considered part of the normal operating activity. The other activities are labeled "Non-Operating Revenue/(Expenses)" and include such things as investment income, interest on debt, non-operating grants, and gains or losses from the disposition of assets. The Changes in Net Position section shows how the Net Position is impacted by income and expenses of the current year. In effect, this amount shows the increase or decrease in "Equity" that was added or removed from the Statement of Net Position as a result of the income and expenses of the current year.
3. Statement of Cash Flows: This statement lists the detailed line items in the financial statements that added cash or removed cash from the Authority's cash accounts during the year. Consequently, it reveals the change in the cash balance from the beginning of the year to the end of the year.

COMPARISON TO PRIOR YEAR STATEMENTS

In summary form, the following table shows the comparison of current year financial statements to the prior year:

DESCRIPTION	FY2017	FY2016
Assets:		
Current and Other Assets	\$12,436,920	\$11,736,093
Capital Assets – Net of Depreciation	<u>20,523,572</u>	<u>21,389,310</u>
Total Assets	32,960,492	33,125,403
Liabilities:		
Long-Term Debt Outstanding	13,807,199	14,629,146
Other Liabilities	<u>1,254,512</u>	<u>1,170,870</u>
Total Liabilities	15,061,711	15,800,016
Net Position:		
Invested in Capital Assets Net of Debt	6,716,373	6,760,167
Restricted	5,194,689	4,330,196
Unrestricted	<u>5,987,719</u>	<u>6,235,024</u>
Total Net Position	\$17,898,781	\$17,325,387

Operating Revenues		
Tenant Rents & Charges	\$3,454,688	\$3,409,184
Operating Grants & Subsidies	11,601,936	10,111,648
Other Income	<u>834,031</u>	<u>751,722</u>
Total Operating Revenues	15,890,655	14,272,554
Operating Expenses		
Administration	2,864,209	2,682,579
Utilities	562,958	538,704
Maintenance	842,797	799,254
Housing Assistance Payments	9,736,871	8,562,677
Other Expenses	<u>125,850</u>	<u>143,295</u>
Total Operating Expenses	14,132,685	12,726,509
Net Non-Operating Revenue/(Expenses)	(1,184,576)	(1,243,386)
Increase/(Decrease) in Net Position	573,394	302,659
Beginning Net Position	17,325,387	17,022,728
Change in Net Position	573,394	302,659
Prior Period Adjustments	<u>0</u>	<u>0</u>
Ending Net Position	\$17,898,781	\$17,325,387

OVERALL FINANCIAL POSITION

Assets decreased \$164,911 Liabilities decreased \$738,305, and Net Position increased \$270,735. Operating Revenues increased \$1,618,098, Operating Expenses increased \$1,406,168, and Non-Operating Expense (net of Non-Operating Revenues) decreased \$58,805 for an increase to Change in Net Position of \$270,735.

CAPITAL ASSETS AND LONG TERM DEBT

Capital Assets Net of Depreciation decreased \$865,738 to \$20,523,572 due to \$866,718 depreciation, \$124,901 fixed asset additions, and \$123,921 reduction of work in progress. The reduction of work in progress was due to the sale of a NSP (Neighborhood Stabilization Program) house, and capitalizing exterior repair projects at Fresa Park and Palmer Creek that were completed (the fixed asset additions).

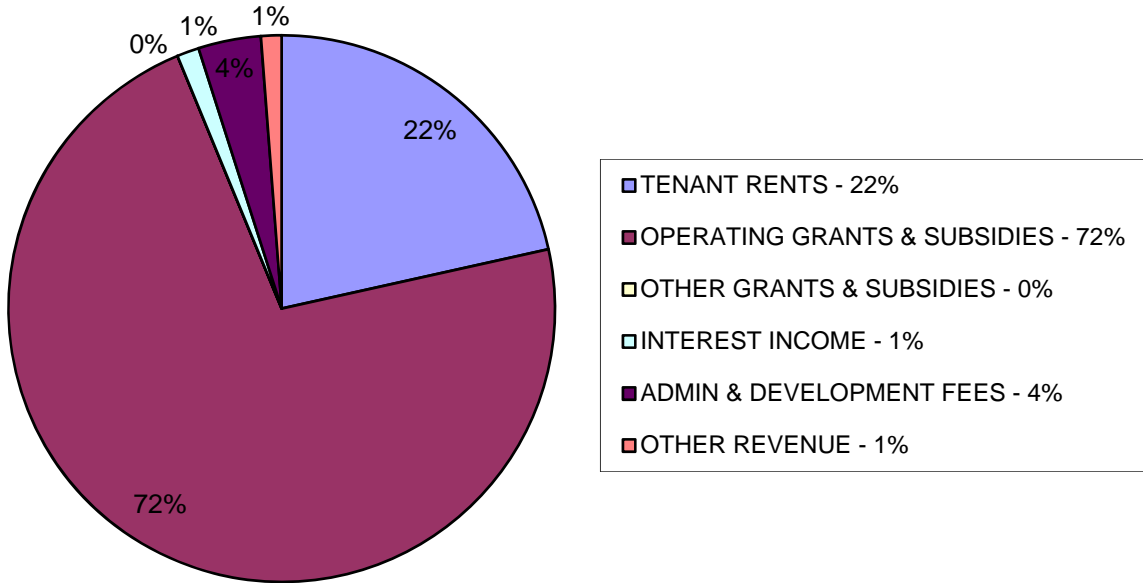
REVENUES & EXPENSES

Total Operating Revenues increased \$1,618,101 to \$15,890,655. Tenant revenue increased \$45,504 to \$3,454,688 due to rate increases, and operating grant and subsidy revenue increased \$1,490,288 to \$11,601,936 mainly due to increased Section 8 HAP (Housing Assistance Payments) funding. Other income increased \$82,309 to \$834,031 because of a greater admin fees, and an increase of FSS Escrow forfeitures.

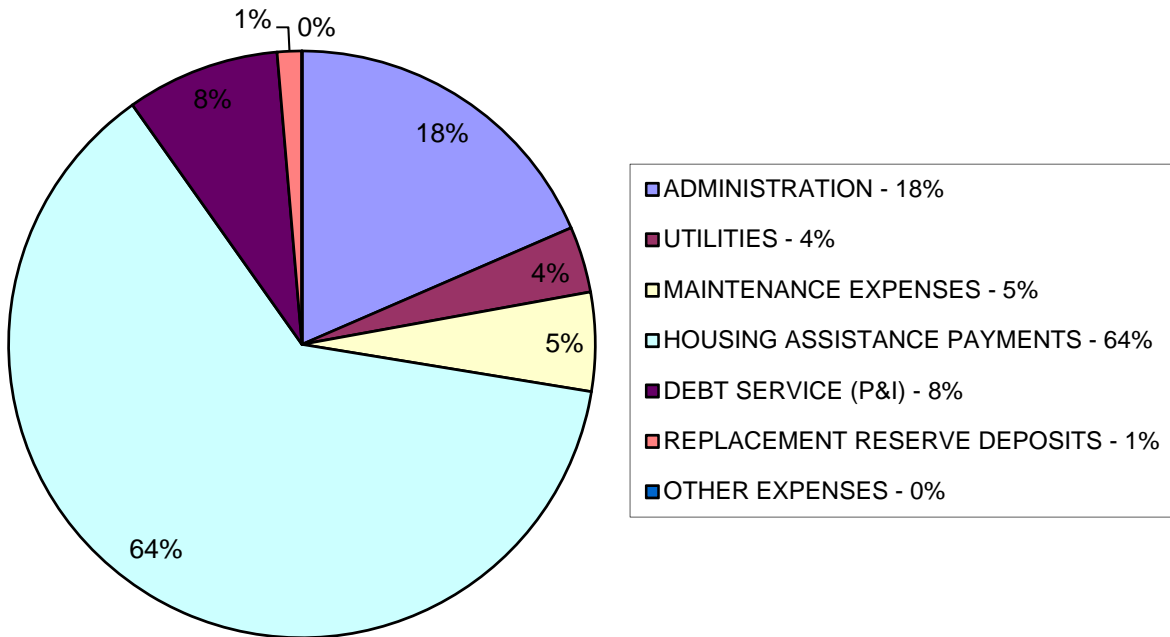
Total Operating Expenses increased \$1,406,176 to \$14,132,685 with most of the increase attributed to an increase in Section 8 Housing Choice Voucher lease up and subsequent HAP paid out.

Non-operating Expense (Net of Non-Operating Revenue) decreased \$58,810 to \$1,184,576. Interest income increased due to better interest rates, and moving funds into higher interest bearing accounts. Interest expense decreased due to progressing further down loan amortization schedules.

FY2017 SOURCES OF FUNDS



FY2017 USES OF FUNDS



BUDGETARY HIGHLIGHTS

Budgeted operating revenues for the year was \$14,827,275, while actual operating revenues was \$15,890,652, which is \$1,063,377/7.2% over budget. Admin Fees earned was \$38,534/6.9% over budget. Dwelling Rent was \$38,863/1.2% over budget as actual occupancy exceeded the 95% budget. Housing Assistance Subsidies was \$833,514/9.3% more than projected as HCV (Housing Choice Voucher) utilization was 101.8%, and the average HAP increased from \$553 to \$604 due to large increases in FMR (Fair Market Rents). Operating Grant Income was \$29,274/24.4% more than budgeted, as we earned much more mortgage foreclosure avoidance and HUD counseling admin fees than anticipated.

Budgeted Operating Expenses for the year totaled \$13,354,880, while actual operating expenses were \$14,132,677, which is \$777,797/5.8% over budget. Administrative, Utility, and General expenses were all less than 1% different than budgeted, while Maintenance expenses were just \$12,579/1.7% over budget. Total HAP expenses were \$766,070/8.5% more than budgeted due to the over leasing and increased FMRs described above.

Non-operating revenue/expense was budgeted at \$1,237,105 total expense, while actual non-operating revenue/expense was \$1,184,581 total expense, which is \$52,524/4.2% less than budget. Interest Income was \$41,256/27.4% greater than budgeted, and Loss on Disposition of Real Property was \$26,670/38.1% less than budgeted.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FINANCIALS OR RESULTS FROM OPERATIONS

The Authority is active in developing new affordable housing in Yamhill County. The following projects are in process and will have an impact on future financial statements:

- (1) The Authority has a working capital pool of NSP grant funds for buying, renovating, and selling houses to our low-income clientele. The program is designed to sell the properties at less than cost, eventually depleting the working capital pool, so as the sales occur we will incur losses on the sale of real property. As of June 30, 2017 we have sold 5 houses, and have not purchased any more houses with NSP funds. We continually look for more properties to buy with the working capital pool.
- (2) The Authority owns two land lots next to the main office along Cumulus Ave in McMinnville, and we anticipate selling them or developing housing on them. If we sell the land we would likely incur a gain on sale of real property, and if we develop housing on them, salaries would be capitalized as part of the cost of the project.
- (3) The Authority owns a land lot in Sheridan next to our Riverside Terrace Apartment complex, which we had hoped to develop another apartment complex on, however we have learned federal funds cannot be used due to part of the land being in a flood plain. Therefore, we have listed the land for sale, and if sold, we will have a gain or loss on the sale of real property.
- (4) The Authority has been exploring the possibility of purchasing a land lot on Booth Bend Road in McMinnville. A Phase I Environmental Review revealed potential soil contamination issues, so we choose not to exercise a purchase option agreement before it expired on August 1, 2017. The owner has agreed to cover the cost of a Phase II Environmental Review, which should be completed in September. If we begin development, salaries would be capitalized as part of the cost of the project.

FY2018 OPERATING BUDGET

Operating Income	\$15,634,185
Operating Expenses	<u>14,202,610</u>
Net Operating Income	1,431,575
Non-Operating Income/(Expenses)	<u>(1,098,670)</u>
Change in Net Position	332,905
Cash Flow Adjustments	<u>(330,385)</u>
Cash Flow	\$ 2,520

MAJOR COMPONENT UNITS

The Authority is the general partner of Village Quarter Limited Partnership (Village Quarter), which is an Oregon limited partnership formed in 2007 to construct, own, and operate a 50-unit senior housing apartment project located in McMinnville, Oregon. Village Quarter has separately issued financial statements, which are summarized in Note 12 beginning on page 57 of this report. Also, the Authority is the managing member of Deskins Commons Housing LLC (Deskins Commons), which is an Oregon limited liability corporation formed in October 2012 to construct, own, and operate a 56-unit mixed-use housing apartment project located in Newberg, Oregon. Deskins Commons has separately issued financial statements, which are summarized in Note 12 beginning on page 60 of this report.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF YAMHILL COUNTY

STATEMENTS OF NET POSITION

ASSETS

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$ 584,623	\$ 977,485
Investments - unrestricted	419,665	359,543
Receivables:		
Accounts from tenants - net	105,649	65,387
Due from Resource Center	-	32,500
Other receivables	175,456	137,930
Accounts receivable - Deskins Commons	5,226	8,092
Accounts receivable - Sunflower Park	2,985	3,828
Accounts receivable - Village Quarter	4,995	1,841
Prepaid expenses	<u>66,975</u>	<u>53,021</u>
Total current assets	1,365,574	1,639,627
Restricted assets:		
Cash and cash equivalents - restricted	642,114	512,096
Investments - restricted	<u>5,153,226</u>	<u>4,399,213</u>
Total restricted assets	5,795,340	4,911,309
Property, plant and equipment:		
Land	4,384,948	4,384,948
Building and structures	28,768,202	28,691,339
Equipment	946,414	898,377
Construction in progress	<u>94,558</u>	<u>218,479</u>
Total property, plant and equipment	34,194,122	34,193,143
Less: accumulated depreciation	<u>(13,670,550)</u>	<u>(12,803,833)</u>
Net property, plant and equipment	\$ 20,523,572	\$ 21,389,310

Continued on page 14.

HOUSING AUTHORITY OF YAMHILL COUNTY
STATEMENTS OF NET POSITION - (CONTINUED)

ASSETS - (CONTINUED)

	June 30,	
	2017	2016
Other assets:		
Sponsor note receivable - Deskins Commons	\$ 2,745,137	\$ 2,760,287
HOME note receivable - Deskins Commons	500,000	500,000
Note receivable - Village Quarter	1,080,790	1,080,790
Accrued interest	860,886	754,710
Investment - Deskins Commons	(48)	69
Investment - Sunflower Park	89,371	89,385
Investment - Village Quarter	(130)	(84)
Total other assets	5,276,006	5,185,157
Total assets	\$ 32,960,492	\$ 33,125,403

Continued on page 15.

HOUSING AUTHORITY OF YAMHILL COUNTY

STATEMENTS OF NET POSITION - (CONTINUED)

LIABILITIES AND NET POSITION

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Current liabilities:		
Accounts payable	\$ 104,020	\$ 91,258
Accrued payroll liabilities	65,014	58,729
Accrued compensated absences	140,372	125,872
Other accounts payable	14,621	7,097
Accrued interest payable - current portion	42,855	45,821
Security deposits	282,005	274,039
Unearned revenue	41,346	46,546
Current portion of long-term mortgage debt	<u>859,484</u>	<u>828,076</u>
Total current liabilities	1,549,717	1,477,438
Long-term liabilities:		
FSS escrow deposits	355,418	338,058
Accrued interest payable - deferred portion	208,861	183,450
Mortgage payable, net of current portion	<u>12,947,715</u>	<u>13,801,070</u>
Total long-term liabilities	<u>13,511,994</u>	<u>14,322,578</u>
Total liabilities	<u>15,061,711</u>	<u>15,800,016</u>
Net Position:		
Net investment in capital assets	6,716,373	6,760,167
Restricted:		
HAP reserves	4,694	(99,987)
Restricted cash and cash equivalents (See Note 2), net of security deposit liability and FSS escrow deposits	-	32,146
Restricted investments, net of assigned fund balance portion (See Note 2)	<u>5,189,995</u>	<u>4,398,037</u>
Total restricted fund balance	5,194,689	4,330,196
Unrestricted	<u>5,987,719</u>	<u>6,235,024</u>
Total net position	<u>17,898,781</u>	<u>17,325,387</u>
Total liabilities and net position	<u>\$ 32,960,492</u>	<u>\$ 33,125,403</u>

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

HOUSING AUTHORITY OF YAMHILL COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended June 30,	
	2017	2016
Operating revenues:		
Dwelling rent, net of vacancies & concessions of \$453,436 and \$430,660, respectively	\$ 3,454,688	\$ 3,409,184
Operating grants	11,601,936	10,111,648
Other income	834,031	751,722
Total revenues and other operating income	15,890,655	14,272,554
Operating expenses:		
Administration	2,864,209	2,682,579
Tenant services	2,878	2,849
Utilities	562,958	538,704
Maintenance	842,797	799,254
Housing assistance payments	9,736,871	8,562,677
General expenses	122,972	140,446
Total operating expenses	14,132,685	12,726,509
Net operating income	1,757,970	1,546,045
Non-operating revenues (expenses):		
Investment income	209,137	171,742
Interest revenue (expense)	(483,487)	(510,591)
Depreciation	(866,718)	(867,823)
Gain (loss) on disposal of assets	(43,330)	(36,714)
Gain (loss) on investment in limited partnerships	(178)	-
Net non-operating revenue (expense)	(1,184,576)	(1,243,386)
Increase (decrease) in net position	573,394	302,659
Net position - beginning of year	17,325,387	17,022,728
Net position - end of year	\$ 17,898,781	\$ 17,325,387

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

HOUSING AUTHORITY OF YAMHILL COUNTY

STATEMENTS OF CASH FLOWS

	<u>Years Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash received from tenants	\$ 3,414,414	\$ 3,410,944
Cash received from grants	11,601,936	10,111,648
Cash received from development fees	-	90,000
Cash payments to suppliers for goods and services	(1,971,388)	(1,999,603)
Cash payments to employees for services	(2,347,178)	(2,198,796)
Cash payments for housing assistance	(9,736,871)	(8,562,677)
Other operating revenues	<u>790,523</u>	<u>865,109</u>
Net cash provided by operating activities	1,751,436	1,716,625
Cash flows from non-capital financing activities:	NONE	
Cash flows from capital financing activities:		
Acquisition and construction of capital assets	(18,724)	(30,650)
Principal paid on mortgage notes payable	(821,947)	(796,683)
Interest paid	<u>(486,453)</u>	<u>(510,591)</u>
Net cash used by capital and related financing activities	(1,327,124)	(1,337,924)
Cash flows from investing activities:		
Cash transfers from (to) investments	<u>(687,156)</u>	<u>(1,260,259)</u>
Net cash used by investing activities	<u>(687,156)</u>	<u>(1,260,259)</u>
Net decrease in cash	(262,844)	(881,558)
Cash and cash equivalents - beginning of year	<u>1,489,581</u>	<u>2,371,139</u>
Cash and cash equivalents - end of year	<u>\$ 1,226,737</u>	<u>\$ 1,489,581</u>

Continued on page 18.

HOUSING AUTHORITY OF YAMHILL COUNTY

STATEMENTS OF CASH FLOWS - (CONTINUED)

Reconciliation of income from operations to net cash provided by operating activities:

	<u>Years Ended June 30,</u>	
	<u>2017</u>	<u>2016</u>
Net operating income	\$ 1,757,970	\$ 1,546,045
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Accounts receivable from tenants, net	(40,262)	1,746
Other receivables	(13,515)	(32,500)
Developer fees receivable	-	90,000
Prepaid expenses	(13,954)	26,327
Accounts payable	12,762	3,696
Accrued payroll liabilities	6,285	(2,059)
Accrued compensated absences	14,500	24,295
Other accounts payable	7,524	(5,487)
Security deposits	7,966	7,113
Unearned revenue	(5,200)	14,153
FSS Escrow deposits	<u>17,360</u>	<u>43,296</u>
Net cash provided by operating activities	<u>\$ 1,751,436</u>	<u>\$ 1,716,625</u>

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

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority of Yamhill County (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. FASB standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed. The more significant of the Authority's accounting policies are described below.

The Authority implemented GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement identifies the hierarchy of generally accepted accounting principles for governmental financial reporting and establishes the framework for selecting those principles; however, the adoption did not have an impact on the Authority's financial statements.

A. ORGANIZATION AND REPORTING ENTITY

The Authority is organized under the general laws of the State of Oregon to provide low cost housing to individuals who meet the criteria established by the U.S. Department of Housing and Urban Development (HUD), and to administer and operate various other programs related to low-income housing assistance. The governing body is a board of five members appointed by the Yamhill County Commissioners. The daily functioning of the Authority is under the supervision of the Executive Director who is appointed by the board.

The Authority has two component units: Village Quarter Limited Partnership (Village Quarter) and Deskins Commons Housing LLC, an Oregon limited liability company (Deskins Commons).

Village Quarter is a 50-unit low-income multi-family residential apartment in McMinnville, Oregon. Village Quarter has a fiscal year ending December 31, therefore the component unit financial information presented in Note 13 is for the fiscal year ended December 31, 2016. Separate audited financial statements for Village Quarter can be obtained by calling the Authority.

Deskins Commons is a 55-unit low-income multi-family residential apartment in Newberg, Oregon. Deskins Commons has a fiscal year ending December 31. The component unit financial information presented in Note 13 is for the fiscal year ended December 31, 2016. Separate audited financial statements for Deskins Commons can be obtained by calling the Authority.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

A. ORGANIZATION AND REPORTING ENTITY - (CONTINUED)

The Authority is not included in any other governmental reporting entity as defined in the *Codification of Governmental Accounting and Financial Reporting Standards*. The Authority Board of Commissioners has decision-making authority, the responsibility to significantly influence operations, and primary accountability for fiscal matters. Except for the component units described in the previous paragraph, the Authority does not exercise oversight responsibility over any other entity. No other entity engages in activities which benefit the Authority, nor do any special financial relationships exist between the Authority and any other entity that would qualify as a component unit, as defined in GASB Statement 61.

B. PROGRAM ACCOUNTING

Government resources are allocated to and accounted for in individual programs based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Authority charges a "management fee" to the programs to cover indirect costs. The Authority maintains the following fund types:

Proprietary Fund: The operations of the Authority are accounted for in a single enterprise fund. Enterprise funds account for those operations financed and operated in a manner similar to private business or where the Authority has decided that determination of revenues earned, costs incurred and net income is necessary for management accountability. The assets, deferred outflows, liabilities, deferred inflows, net position and results of operations of the enterprise fund are segregated into the following programs:

I. U.S. Department of Housing and Urban Development (HUD) Section 8 Housing

a) Section 8 Housing Choice Vouchers Program:

This program accounts for grants from the U.S. Department of Housing and Urban Development under its Section 8 Choice Vouchers Program. These programs are used for housing assistance payments to landlords on behalf of certain low-income tenants and for certain administrative costs. Principal sources of revenue include subsidies from HUD and principal expenses are housing assistance payments and other operating expenses.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

B. PROGRAM ACCOUNTING - (CONTINUED)

II. Rural Development Fresa Park Housing Project:

This program accounts for the operation of the Authority's twenty-two unit apartment project financed with a loan and grant from Rural Development (RD). Principal sources of revenue are from rental income and RD rental subsidy payments. Expenses are for operations and maintenance of the project.

III. Rural Development Riverside Terrace Housing Project:

This program accounts for the operation of the Authority's twenty-seven unit senior citizen apartment project financed with loans and grants from Rural Development (RD) and Oregon State Housing and Community Services (OHCS). Principal sources of revenue are from rental income and RD rental subsidy payments. Expenses are for operations and maintenance of the project.

IV. Rural Development Vittoria Square Apartment Project:

This program accounts for the operation of the Authority's forty-three unit apartment project financed with loans and grants from Rural Development (RD). Principal sources of revenue are from rental income and RD rental subsidy payments. Expenses are for operations and maintenance of the project.

V. Rural Development Palmer Creek Apartment Project:

This program accounts for the operation of the Authority's ten unit apartment project financed with loans and grants from Rural Development (RD). Principal sources of revenue are from rental income and RD rental subsidy payments. Expenses are for operations and maintenance of the project.

VI. Other Business Activities

a) Local Program:

This program accounts for general and administrative overhead costs. The funds held in the program are available for any projects selected by the Authority. Also, this program accounts for the management of projects owned and operated by the Authority. Principal sources of revenue include rents from tenants, grant income, investment income, and interest on accounts receivable from partnerships in which the Authority is the general partner or managing member. Principal expenses are for operations and maintenance and interest.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

B. PROGRAM ACCOUNTING - (CONTINUED)

VI. Other Business Activities - (Continued)

a) Local Program - (Continued)

During the years ended June 30, 2017 and 2016, the local program also included the assets, liabilities and activities of Village Quarter Commercial. Village Quarter Commercial is the commercial portion of the Village Quarter development which was wholly owned by the Authority as of June 30, 2017 and 2016. On April 25, 2016, the Authority signed an agreement with Alexonet Inc. to lease the premises situated at 133 NE Dunn Place, McMinnville, OR, beginning May 1, 2016. See Note 13.

The local program also accounts for the administration of the HUD Housing Assistance Payments (HAP) for the Grande Ronde Tribal Housing Authority. The revenue for this program includes the pass-through HAP income and an administrative fee earned by the Authority. The expense for this program is the pass-through housing assistance.

b) Rehab Administration Program:

This program accounts for the Authority's administrative costs incurred and administrative fees earned in administering the HUD Development block grants for Yamhill County Affordable Housing Corporation.

c) Woodside Park Housing Project Program:

This program accounts for the operations of the Authority's eighty-four unit apartment complex located in Newberg, Oregon, for low-income families. This project was purchased on June 27, 1996 with funds generated by issuing \$5.49 million in revenue bonds. The project was refinanced in October 2004 and the bonds were replaced with a mortgage loan with Citizens Bank. The terms of of the mortgage loan were modified in October 2013 (see Note 8). Revenue includes rent from tenants and interest on accounts. Expenses are for operations and maintenance of the project.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

B. PROGRAM ACCOUNTING - (CONTINUED)

VI. Other Business Activities - (Continued)

d) Tice Park Housing Project Program:

This program accounts for the operation of the Authority's eighty-eight unit apartment complex located in McMinnville, Oregon, for low-income families. This project was built with funds generated by issuing \$4.56 million in revenue bonds and was completed in March 1994. The project was refinanced in October 2004 and the bonds were replaced with a mortgage loan with Citizens Bank. The terms of the mortgage loan were modified in October 2013 (see Note 8). Revenue includes rent from tenants and interest on accounts. Expenses are for operations and maintenance of the project.

e) Haworth Terrace Housing Project:

This program accounts for the operation of the Authority's thirty-eight unit apartment complex located in Newberg, Oregon, for low-income families. This project was purchased on September 1, 1999 with funding from Oregon Department of Housing and Community Services, a bank loan and other state sources. Principal sources of revenue are from rental income and interest on accounts. Expenses are for operations and maintenance of the project.

f) Sunnyside Apartments Housing Project:

This program accounts for the operation of the Authority's fifteen unit apartment complex located in McMinnville, Oregon for serving low income individuals with serious and persistent mental illness. This project was financed with funding from Oregon Department of Housing and Community Services, a bank loan and other state services. Principal sources of revenue are from rental income and interest on accounts. Expenses are for operations and maintenance of the project.

g) Homeport Apartments Housing Project:

This program accounts for the operation of the Authority's twelve unit apartment complex located in McMinnville, Oregon for serving low-income families. This project was financed with funding from Oregon Department of Housing and Community Services, a bank loan and other state sources. Principal sources of revenue are from rental income and interest on accounts. Expenses are for operations and maintenance of the project.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

B. PROGRAM ACCOUNTING - (CONTINUED)

VI. Other Business Activities - (Continued)

h) Hendricks Place Apartments Housing Project:

This program accounts for the operation of the Authority's eight unit apartment complex located in McMinnville, Oregon for serving low income developmentally disabled individuals. This project was financed with funding through Oregon Department of Housing and Community Services, a bank loan and other state services. Principal sources of revenue are from rental income and interest on accounts. Expenses are for operations and maintenance of the project.

i) Bridges Apartments Housing Project:

This program accounts for the operation of the Authority's six unit apartment complex located in McMinnville, Oregon for serving low income individuals with serious and persistent mental illness. This project was financed with funding from Oregon Department of Housing and Community Services, a bank loan and other state services. Principal sources of revenue are from rental income and interest on accounts. Expenses are for operations and maintenance of the project.

j) Heritage Place Housing Project:

This program accounts for the operations of the Authority's sixty unit apartment complex located in McMinnville, Oregon serving low income seniors. The project was financed with a loan through Citizens Bank. In October 2013, the terms of the loan were modified (see Note 8). The principal source of revenue is rental income. Expenses are for operations, maintenance and debt.

k) New Reflections Housing Project:

This program accounts for the development and operations of the Authority's five unit apartment complex located in McMinnville, Oregon for drug treatment housing for women and their children. The project was financed by a bank loan and grants. The principal source of revenue is rental income. Expenses are for operations, maintenance and debt.

l) Abbey Heights Housing Project:

This program accounts for the development and operations of the Authority's thirty-two unit apartment complex located in Lafayette, Oregon. The project was financed by a bank loan. The principal source of revenue is rental income. Expenses are for operations, maintenance and debt.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

B. PROGRAM ACCOUNTING - (CONTINUED)

VI. Other Business Activities - (Continued)

m) Other Development (included in local program)

Sheridan:

This program accounts for the costs of the Authority's property located in Sheridan, Oregon. The land was purchased April 17, 2012 for future development and was financed by the Authority. As of June 30, 2017, the property is held for sale.

Neighborhood Stabilization Program (NSP):

The Authority was the recipient of an NSP grant. The Authority is to use the grant funds to purchase and rehabilitate distressed homes under the NSP program guidelines. As of June 30, 2017 and 2016, the NSP expenditures included the land and rehabilitation construction in progress. Principal revenue includes grant income and administrative fee income. During 2016, two completed homes were sold for a loss of \$36,713. During 2017, one property was sold for a loss of \$43,330.

C. BUDGETS AND BUDGETARY ACCOUNTING

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

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The measurement focus is on the flow of economic resources. The accrual basis of accounting is used in all programs of the Authority. Under the accrual basis of accounting, revenues are recorded as they are earned and expenses are recognized as they are incurred in the accounting period.

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

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents reported on the statements of net position and cash flow consist of checking accounts, savings accounts, money markets, and petty cash accounts. For purposes of the statement of cash flows, all highly liquid investments available for current use with an initial maturity of three months or less are deemed to be cash equivalents. All cash and cash equivalents are stated at cost, which approximates market value.

F. RECEIVABLES

Receivables are recorded on the statement of net position in accordance with the policies enumerated in paragraph D above and reported at the amount management expects to collect on balances outstanding at June 30, 2017 and 2016, respectively. Management closely monitors outstanding balances and writes off all balances deemed uncollectible.

G. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond June 30, 2017 and 2016, respectively are recorded as prepaid expenses.

H. FIXED ASSETS

Fixed assets, including land, structures and equipment, are carried at historical cost. Certain costs subsequent to acquisition are capitalized. These costs include additions, improvements, replacements, and extraordinary repairs which either materially increase the usefulness or the useful life of the asset. Capital assets costing more than \$1,000 are capitalized if they enhance the useful life of the asset. Costs of normal maintenance and repairs are not capitalized. Depreciation is recorded on the straight-line and accelerated methods over the following estimated useful lives:

Structures and site improvements	20-30 years
Dwelling furniture and equipment	5-10 years
Auto and maintenance equipment	7-10 years
Office furniture and equipment	5-7 years
Computer equipment	5 years

I. COMPENSATED ABSENCES

Vested or accumulated paid time off (PTO) leave (or accumulated vacation leave, as described prior to September 1, 2006) that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a program liability of the program that will pay it. No liability is recorded for non-vesting accumulating rights to receive PTO benefits.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

J. INCOME TAXES

The Authority is exempt from Federal income taxes under Internal Revenue Code Section 501.

K. USE OF ESTIMATES

The preparation of the 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. RESTRICTED ASSETS

Restricted reserve accounts have been established to meet certain requirements. When both restricted and unrestricted resources are available to use, it is the Authority's policy to use the restricted resources before using unrestricted resources when possible.

M. NET POSITION

Equity is classified as net position and displayed in three components:

a. *Net investment in capital assets* - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. *Restricted net position* - consists of constraints placed on net position use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

c. *Unrestricted net position* - consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Management has implemented GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Under GASB 63, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. As of June 30, 2017 and 2016, the Authority had no deferred inflows or deferred outflows of resources.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

N. OPERATING REVENUES AND EXPENSES

Operating revenues include rent, operating grant, and other income related to the housing programs. Operating expenses include administration, tenant services, utilities, maintenance, housing assistance, and other general program expenses. Non-operating revenues and expenses include investment income, loan interest expense, capital grants, depreciation, amortization, gain/loss on investments in limited partnerships, and gain/loss on disposal of assets.

O. SUBSEQUENT EVENT

Management has evaluated events and transactions occurring after June 30, 2017 through October 30, 2017, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosures in the financial statements.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Deposits consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Cash in checking accounts	\$ 588,217	\$ 875,297
Money markets and savings	637,397	613,184
Petty cash and change funds	<u>1,100</u>	<u>1,100</u>
	<u>\$ 1,226,714</u>	<u>\$ 1,489,581</u>

As of June 30, 2017, the carrying amount of the cash in checking accounts totaled \$588,217 and the bank balances totaled \$638,520. As of June 30, 2016, the carrying amount of the cash in checking accounts totaled \$875,297 and the bank balances totaled \$614,284.

Concentration of Credit Risk

The Authority maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits of \$250,000. Oregon statute requires the Authority to maintain cash that exceeds federally insured limits within participatory institutions of the Oregon Public Funds Collateralization Program (PFCP). The Authority maintains its cash at Columbia State Bank, Bank of America, and Banner Bank, which are participating institutions. Deposits are fully covered by the FDIC insurance and the PFCP. The Authority has not experienced any losses in accounts and believes there is no exposure to any significant credit risk on cash and cash equivalents.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Interest Rate Risk

The Authority maintains its investments in savings and money market accounts. The maturities of these investments is estimated to be less than one year.

The Authority has established uses and restrictions on several of their cash accounts. The cash accounts, net of bank overdrafts, have been restricted as follows:

As of June 30, 2017:

<u>Program</u>	<u>FSS Escrow Deposit Reserves</u>	<u>Debt Service Reserves</u>	<u>Tenant Security Deposits</u>	<u>Total</u>
Vittoria Square	\$ -	\$ -	\$ 20,519	\$ 20,519
Section 8 Housing Choice Vouchers Program	323,340	-	-	323,340
Tice Park Housing Project	-	-	76,313	76,313
Woodside Housing Project	-	-	59,390	59,390
GRTHA Vouchers	36,772	-	-	36,772
Riverside Terrace	-	-	13,769	13,769
Haworth Housing Project	-	-	17,591	17,591
Fresa Park	-	-	13,105	13,105
Abbey Heights	-	-	20,223	20,223
Hendricks Place	-	-	3,850	3,850
Heritage Place	-	-	38,135	38,135
Palmer Creek	-	-	5,584	5,584
Local program	-	-	1,998	1,998
Bridges	-	-	525	525
Sunnyside	-	-	6,310	6,310
Homeport	-	-	4,690	4,690
Total	\$ <u>360,112</u>	\$ <u>-</u>	\$ <u>282,002</u>	\$ <u>642,114</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS - (CONTINUED)

As of June 30, 2016:

<u>Program</u>	<u>FSS Escrow Deposit Reserves</u>	<u>Debt Service Reserves</u>	<u>Tenant Security Deposits</u>	<u>Total</u>
Vittoria Square	\$ -	\$ -	\$ 18,268	\$ 18,268
Section 8 Choice Vouchers Program	207,087	-	-	207,087
Tice Park Housing Project	-	-	77,120	77,120
Woodside Housing Project	-	-	59,160	59,160
GRTHA Vouchers	30,985	-	-	30,985
Riverside Terrace	-	-	12,483	12,483
Haworth Housing Project	-	-	16,601	16,601
Fresa Park	-	-	13,070	13,070
Abbey Heights	-	-	20,123	20,123
Hendricks Place	-	-	3,200	3,200
Heritage Place	-	-	35,110	35,110
Palmer Creek	-	-	5,939	5,939
Local program	-	-	2,000	2,000
Bridges	-	-	525	525
Sunnyside	-	-	5,250	5,250
Homeport	-	-	5,175	5,175
Total	<u>\$ 238,072</u>	<u>\$ -</u>	<u>\$ 274,024</u>	<u>\$ 512,096</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Investments

Investments are categorized by the type of investment and level of risk associated with the investments. The investments below are uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent in the name of the Authority.

Investments held in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, managed by the Office of the Oregon State Treasurer. The Oregon Short-Term Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. Investments in the Oregon Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board.

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investment securities that are in the possession of the outside party. As of June 30, 2017, the Authority had all of its investment accounts in cash, money market or CD's with Banner Bank, Columbia State Bank, Bank of America, or the Office of the State Treasurer Banking System which were held by that investment counterparty's trust department. These investment accounts were not exposed to custodial credit risk.

Credit risk is the risk that an issuer or counter-party to an investment will not fulfill its obligations: According to the Authority's investment policy, in order to mitigate credit risk, funds shall be invested in, or collateralized by US Treasury Bonds, Notes, and Bills and "highly liquid" US Agency securities. As of June 30, 2017, all of the Authority's investments in US Agency securities are rated Aaa by Moody's Investor Service and AA+ by Standard & Poor's.

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. On June 30, 2017, \$2,153,379 (31%) of the Authority's total cash and investments was at Columbia State Bank, \$118,845 (2%) was at Banner Bank, \$4,437,603 (65%) was with the Oregon State Office of the Treasurer, and \$141,956 (2%) was at Bank of America. These amounts represent actual cash balances and differ from the amounts presented on the Statement of Net Position due to reconciling items. All of these banks are participants in the Oregon Public Funds Collateralization Program.

Interest rate risk is the risk that changes in interest will adversely affect the fair value of the investment. The investment portfolio is structured such that securities mature to meet cash requirements, limiting the need to sell securities prior to maturity on the open market.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS - (CONTINUED)

The investments of the Authority at June 30, 2017 and 2016, were reported at fair value and consist primarily of federal securities. Their cost and fair values are as follows:

	<u>Cost</u>	<u>Fair Value Adjustment</u>	<u>Market Value</u>
As of June 30, 2017, Investment in Federal and Other Securities	\$ 5,572,891	\$ -	\$ 5,572,891
As of June 30, 2016, Investment in Federal and Other Securities	\$ 4,758,756	\$ -	\$ 4,758,756

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

As of June 30, 2017:

<u>Program</u>	<u>Replacement Reserve</u>	<u>Debt Service Reserve</u>	<u>Designated Reserve</u>	<u>Total</u>
Homeport Apartments	\$ 37,083	\$ -	\$ -	\$ 37,083
Riverside Terrace Housing Project	155,021	-	-	155,021
Haworth Terrace Housing Project	40,812	-	-	40,812
Rural Development Fresa Park Housing Project	51,960	-	-	51,960
Local Program	-	-	3,639,470	3,639,470
Vittoria Square	878,704	-	-	878,704
Sunnyside Project	102,843	-	-	102,843
Palmer Creek	59,291	-	-	59,291
Abbey Heights	153,792	-	-	153,792
Hendricks Place	<u>34,250</u>	<u>-</u>	<u>-</u>	<u>34,250</u>
Total	<u>\$ 1,513,756</u>	<u>\$ -</u>	<u>\$ 3,639,470</u>	<u>\$ 5,153,226</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS - (CONTINUED)

As of June 30, 2016:

<u>Program</u>	<u>Replacement Reserve</u>	<u>Debt Service Reserve</u>	<u>Designated Reserve</u>	<u>Total</u>
Homeport Apartments	\$ 32,266	\$ -	\$ -	\$ 32,266
Riverside Terrace Housing Project	116,045	-	-	116,045
Haworth Terrace Housing Project	31,037	-	-	31,037
Rural Development Fresa Park Housing Project	77,848	-	-	77,848
Local Program	-	-	3,009,909	3,009,909
Vittoria Square	782,746	-	-	782,746
Sunnyside Project	98,091	-	-	98,091
Palmer Creek	77,391	-	-	77,391
Abbey Heights	141,885	-	-	141,885
Hendricks Place	<u>31,995</u>	<u>-</u>	<u>-</u>	<u>31,995</u>
Total	<u>\$ 1,389,304</u>	<u>\$ -</u>	<u>\$ 3,009,909</u>	<u>\$ 4,399,213</u>

Unrestricted investments as of June 30, 2017 and 2016 included replacement reserves which are not required by legal or contractual agreements but are restricted internally by the Authority due to intent of use. As of June 30, 2017 and 2016, these balances were as follows:

	<u>2017</u>	<u>2016</u>
Woodside Replacement Reserve	\$ 117,603	\$ 99,044
Tice Replacement Reserve	117,566	99,028
Bridges Replacement Reserve	34,818	31,211
New Reflections Replacement Reserve	5,361	4,616
Heritage Place Replacement Reserve	<u>144,317</u>	<u>125,644</u>
Total	<u>\$ 419,665</u>	<u>\$ 359,543</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS

Note Receivable - Village Quarter

The Authority is the General Partner in Village Quarter Limited Partnership. Village Quarter may borrow up to \$1,098,790 from the Authority. Interest accrues at a rate of 5.5%. Annual interest repayment is due to the Authority from net cash flow, as defined in the loan agreement. As stated in the loan agreement, the maturity date is the earliest of (a) September 1, 2037; (b) the date that is 15 years after the close of the compliance period; (c) the date the property is no longer a qualified low-income property; (d) the date the property is sold; or (e) the date the note is refinanced. As of June 30, 2017 and 2016, the receivable totaled \$1,080,790 each year. As of June 30, 2017 and 2016, accrued interest receivable on the note totaled \$543,793 and \$506,451, respectively.

Accounts Receivable - Sunflower Park

The Authority has paid costs on behalf of Sunflower Park. These costs are to be repaid to the Authority. As of June 30, 2017 and 2016, the receivables totaled \$2,985 and \$3,828, respectively.

Accounts Receivable - Village Quarter

The Authority has paid costs on behalf of Village Quarter. These costs are to be repaid to the Authority. As of June 30, 2017 and 2016, the receivable totaled \$4,995 and \$1,841, respectively.

Development Fee Receivable - Village Quarter

The Authority is the General Partner in Village Quarter Limited Partnership. A development fee is charged by the Authority to Village Quarter Limited Partnership for services performed in development of the project. The unpaid portion of the developer fee accrues interest at 6% per year. As of June 30, 2016, development fee and accrued interest on development fee were paid in full.

Development Fee Receivable - Deskins Commons

The Authority, as the developer of Deskins Commons, has entered into a development fee agreement that provides for a developer fee of \$1,250,000, all of which had been earned as of June 30, 2016. The Authority also entered into an agreement under which a portion of the development fee, totaling \$500,000 would be paid to the development consultant. The development fee is to be paid from capital contribution or cash flow. As of June 30, 2016, development fee was paid in full.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Accounts Receivable - Deskins Commons

The Authority has paid for development costs on behalf Deskins Commons. In addition, the Authority has paid for certain operating costs on behalf of Deskins Commons. As of June 30, 2017 and 2016, the receivable from Deskins Commons totaled \$5,226 and \$8,092, respectively.

Sponsor Note Receivable - Deskins Commons

The Authority entered into a promissory note with Deskins Commons in the amount of up to \$2,760,287. Annual payments in the amount of \$102,636 are to be paid out of available cash flow as defined in, and in the order and priority as set forth in the Amended and Restated Operating Agreement dated July 23, 2013 for Deskins Commons. Payments are to be made on or before the 60th day following Deskins Commons fiscal year end with the first payment due in 2014 and a maturity date of no later than July 30, 2063. The note accrues interest at a rate of 2.8% per annum, compounded annually. As of June 30, 2017 and 2016, the balance of the sponsor note totaled \$2,745,137 and \$2,760,287, respectively. As of June 30, 2017 and 2016, accrued interest on the note totaled \$282,560 and \$227,117, respectively.

HOME Note Receivable - Deskins Commons

The Authority entered into a promissory note with Deskins Commons, in the amount of up to \$500,000. Deskins Commons is to make annual payments in the amount of \$18,588 which are to be paid out of available cash flow as defined in, and in the order and priority as set forth in, the Amended and Restated Operating Agreement for Deskins Commons dated July 23, 2013. Payments are to be made on or before the 60th day following Deskins Commons fiscal year end with the first payment due in 2014 and a maturity date of no later than July 30, 2063. The note accrues interest at a rate of 2.8% per annum compounded annually. As of June 30, 2017 and 2016, the balance of the receivable totaled \$500,000 each year. As of June 30, 2017 and 2016, accrued interest on the note totaled \$34,700 and \$21,140, respectively.

Investments in Limited Partnerships

See Note 4.

NOTE 4 - INVESTMENTS IN LIMITED PARTNERSHIPS

As of June 30, 2017 and 2016, the Authority did not have a controlling interest in Sunflower Park. Accordingly, this separate Partnership's assets and liabilities were not included in the Authority's financial statements. As of June 30, 2017 and 2016, Village Quarter and Deskins Commons were presented in the notes to the financial statements as component units (See Note 13).

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - INVESTMENTS IN LIMITED PARTNERSHIPS - (CONTINUED)

Sunflower Park Limited Partnership

The Authority is the general partner in Sunflower Park Apartments Limited Partnership ("Sunflower Park"), which operates a low income housing project. The Authority owns 0.01% of the partnership. As of June 30, 2017 and 2016, the Authority's investment in Sunflower Park totaled \$89,371 and \$89,385, respectively.

Village Quarter Limited Partnership

The Authority is the general partner in Village Quarter Apartments Limited Partnership ("Village Quarter"), which operates a low income housing project. The Authority owns 0.01% of the partnership. As of June 30, 2017 and 2016, the Authority's investment in Village Quarter totaled \$(130) and \$(84), respectively.

Deskens Commons Housing LLC

The Authority is the managing member in Deskens Commons Housing LLC (Deskens Commons), which operates a low income housing project. The Authority owns 0.01% of the company. As of June 30, 2017 and 2016, the Authority's investment in Deskens Commons totaled \$(48) and \$69, respectively.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS

Fixed assets consist primarily of land and buildings, office furniture and equipment. Changes in fixed assets during the year ended June 30, 2017 were as follows:

Program	Balance - June 30, 2016	Additions	Transfers and Dispositions	Balance - June 30, 2017
RD - Vittoria Square				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Buildings	2,617,391	-	-	2,617,391
Furniture and Equipment	<u>6,611</u>	<u>-</u>	<u>-</u>	<u>6,611</u>
Total	\$ 3,049,002	\$ -	\$ -	\$ 3,049,002
RD - Riverside Terrace Apts				
Land	\$ 118,700	\$ -	\$ -	\$ 118,700
Buildings	894,843	-	-	894,843
Site Improvements	19,325	-	-	19,325
Furniture and Equipment	<u>3,833</u>	<u>-</u>	<u>-</u>	<u>3,833</u>
Total	\$ 1,036,701	\$ -	\$ -	\$ 1,036,701
RD - Fresa Park				
Land	\$ 28,295	\$ -	\$ -	\$ 28,295
Buildings	1,796,418	27,068	10,685	1,834,171
CIP	10,685	3,400	(10,685)	3,400
Site Improvements	50,338	-	-	50,338
Furniture and Equipment	<u>20,867</u>	<u>-</u>	<u>-</u>	<u>20,867</u>
Total	\$ 1,906,603	\$ 30,468	\$ -	\$ 1,937,071
Haworth Terrace				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Buildings	1,714,204	-	-	1,714,204
Furniture and Equipment	<u>12,298</u>	<u>-</u>	<u>-</u>	<u>12,298</u>
Total	\$ 1,926,502	\$ -	\$ -	\$ 1,926,502
Local Program				
Land	\$ 846,405	\$ -	\$ -	\$ 846,405
Buildings	2,832,903	-	-	2,832,903
CIP	201,680	-	(108,773)	92,907
Furniture and Equipment	<u>573,075</u>	<u>41,886</u>	<u>-</u>	<u>614,961</u>
Total	\$ 4,454,063	\$ 41,886	\$ (108,773)	\$ 4,387,176
Woodside Park				
Land	\$ 195,750	\$ -	\$ -	\$ 195,750
Buildings	4,065,644	10,057	-	4,075,701
Site Improvements	9,402	-	-	9,402
Furniture and Equipment	<u>122,965</u>	<u>-</u>	<u>-</u>	<u>122,965</u>
Total	\$ 4,393,761	\$ 10,057	\$ -	\$ 4,403,818

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS - (CONTINUED)

Changes in fixed assets during the year ended June 30, 2017 were as follows - (Continued):

<u>Program</u>	<u>Balance - June 30, 2016</u>	<u>Additions</u>	<u>Transfers and Dispositions</u>	<u>Balance - June 30, 2017</u>
Tice Park				
Land	\$ 308,841	\$ -	\$ -	\$ 308,841
Buildings	4,069,305	-	-	4,069,305
Furniture and Equipment	<u>82,477</u>	<u>-</u>	<u>-</u>	<u>82,477</u>
Total	\$ 4,460,623	\$ -	\$ -	\$ 4,460,623
Homeport				
Land	\$ 41,162	\$ -	\$ -	\$ 41,162
Buildings	734,508	-	-	734,508
Site Improvements	4,999	-	-	4,999
Furniture and Equipment	<u>11,126</u>	<u>-</u>	<u>-</u>	<u>11,126</u>
Total	\$ 791,795	\$ -	\$ -	\$ 791,795
Palmer Creek				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Buildings	293,059	22,939	6,114	322,112
CIP	<u>6,114</u>	<u>2,100</u>	<u>(6,114)</u>	<u>2,100</u>
Total	\$ 399,173	\$ 25,039	\$ -	\$ 424,212
Village Quarter Commercial Space				
Land	\$ 233,423	\$ -	\$ -	\$ 233,423
Buildings	1,491,565	-	-	1,491,565
Site Improvements	<u>13,976</u>	<u>-</u>	<u>-</u>	<u>13,976</u>
Total	\$ 1,738,964	\$ -	\$ -	\$ 1,738,964
Sunnyside				
Land	\$ 185,250	\$ -	\$ -	\$ 185,250
Buildings	1,188,359	-	-	1,188,359
Furniture and Equipment	<u>14,420</u>	<u>-</u>	<u>-</u>	<u>14,420</u>
Total	\$ 1,388,029	\$ -	\$ -	\$ 1,388,029
New Reflections				
Land	\$ 136,031	\$ -	\$ -	\$ 136,031
Buildings	<u>622,815</u>	<u>-</u>	<u>-</u>	<u>622,815</u>
Total	\$ 758,846	\$ -	\$ -	\$ 758,846
Heritage Place				
Land	\$ 886,180	\$ -	\$ -	\$ 886,180
Buildings	2,344,355	-	-	2,344,355
Total	\$ 3,230,535	\$ -	\$ -	\$ 3,230,535
Hendricks				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Buildings	<u>879,156</u>	<u>-</u>	<u>-</u>	<u>879,156</u>
Total	\$ 979,156	\$ -	\$ -	\$ 979,156

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS - (CONTINUED)

Changes in fixed assets during the year ended June 30, 2017 were as follows - (Continued):

<u>Program</u>	<u>Balance - June 30, 2016</u>	<u>Additions</u>	<u>Transfers and Dispositions</u>	<u>Balance - June 30, 2017</u>
Bridges				
Land	\$ 25,193	\$ -	\$ -	\$ 25,193
Buildings	210,737	-	-	210,737
CIP	-	<u>2,301</u>	-	<u>2,301</u>
Total	\$ 235,930	\$ 2,301	\$ -	\$ 238,231
Abbey Heights				
Land	\$ 554,718	\$ -	\$ -	\$ 554,718
Buildings	2,527,124	-	-	2,527,124
Site Improvements	249,355	-	-	249,355
Furniture and Equipment	<u>112,264</u>	-	-	<u>112,264</u>
Total	\$ <u>3,443,461</u>	\$ -	\$ -	\$ <u>3,443,461</u>
Totals	\$ <u>34,193,144</u>	\$ <u>109,751</u>	\$ <u>(108,773)</u>	\$ <u>34,194,122</u>
Less: Accum. Depreciation				
Buildings	\$ (11,971,837)	\$ (832,429)	\$ -	\$ (12,804,266)
Site Improvements, Furniture and Equipment	<u>(831,996)</u>	<u>(34,288)</u>	-	<u>(866,284)</u>
Total Accum. Deprec.	\$ <u>(12,803,833)</u>	\$ <u>(866,717)</u>	\$ -	\$ <u>(13,670,550)</u>
Total	\$ <u>21,389,311</u>			\$ <u>20,523,572</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS - (CONTINUED)

Changes in fixed assets during the year ended June 30, 2016 were as follows:

<u>Program</u>	<u>Balance - July 1, 2015</u>	<u>Additions</u>	<u>Transfers and Dispositions</u>	<u>Balance - June 30, 2016</u>
RD - Vittoria Square				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Buildings	2,617,391	-	-	2,617,391
Furniture and Equipment	<u>6,611</u>	<u>-</u>	<u>-</u>	<u>6,611</u>
Total	\$ 3,049,002	\$ -	\$ -	\$ 3,049,002
RD - Riverside Terrace Apts				
Land	\$ 118,700	\$ -	\$ -	\$ 118,700
Buildings	875,328	3,601	15,914	894,843
CIP	15,914	-	(15,914)	-
Site Improvements	19,325	-	-	19,325
Furniture and Equipment	<u>3,833</u>	<u>-</u>	<u>-</u>	<u>3,833</u>
Total	\$ 1,033,100	\$ 3,601	\$ -	\$ 1,036,701
RD - Fresa Park				
Land	\$ 28,295	\$ -	\$ -	\$ 28,295
Buildings	1,778,217	18,201	-	1,796,418
CIP	3,760	6,925	-	10,685
Site Improvements	50,338	-	-	50,338
Furniture and Equipment	<u>20,867</u>	<u>-</u>	<u>-</u>	<u>20,867</u>
Total	\$ 1,881,477	\$ 25,126	\$ -	\$ 1,906,603
Haworth Terrace				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Buildings	1,677,323	34,212	2,669	1,714,204
CIP	2,669	-	(2,669)	-
Furniture and Equipment	<u>7,308</u>	<u>4,990</u>	<u>-</u>	<u>12,298</u>
Total	\$ 1,887,300	\$ 39,202	\$ -	\$ 1,926,502
Local Program				
Land	\$ 846,405	\$ -	\$ -	\$ 846,405
Buildings	2,832,903	-	-	2,832,903
CIP	343,291	-	(141,611)	201,680
Furniture and Equipment	<u>565,965</u>	<u>7,110</u>	<u>-</u>	<u>573,075</u>
Total	\$ 4,588,564	\$ 7,110	\$ (141,611)	\$ 4,454,063
Woodside Park				
Land	\$ 195,750	\$ -	\$ -	\$ 195,750
Buildings	4,065,644	-	-	4,065,644
Site Improvements	3,530	5,872	-	9,402
Furniture and Equipment	<u>100,600</u>	<u>-</u>	<u>22,365</u>	<u>122,965</u>
Total	\$ 4,365,524	\$ 5,872	\$ 22,365	\$ 4,393,761

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS - (CONTINUED)

Changes in fixed assets during the year ended June 30, 2016 were as follows - (Continued):

<u>Program</u>	<u>Balance - July 1, 2015</u>	<u>Additions</u>	<u>Transfers and Dispositions</u>	<u>Balance - June 30, 2016</u>
Tice Park				
Land	\$ 308,841	\$ -	\$ -	\$ 308,841
Buildings	3,955,614	29,067	84,624	4,069,305
CIP	84,624	-	(84,624)	-
Furniture and Equipment	<u>82,477</u>	<u>-</u>	<u>-</u>	<u>82,477</u>
Total	\$ 4,431,556	\$ 29,067	\$ -	\$ 4,460,623
Homeport				
Land	\$ 41,162	\$ -	\$ -	\$ 41,162
Buildings	734,508	-	-	734,508
Site Improvements	4,999	-	-	4,999
Furniture and Equipment	<u>11,126</u>	<u>-</u>	<u>-</u>	<u>11,126</u>
Total	\$ 791,795	\$ -	\$ -	\$ 791,795
Palmer Creek				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Buildings	293,059	-	-	293,059
CIP	<u>214</u>	<u>5,900</u>	<u>-</u>	<u>6,114</u>
Total	\$ 393,273	\$ 5,900	\$ -	\$ 399,173
Village Quarter Commercial Space				
Land	\$ 233,423	\$ -	\$ -	\$ 233,423
Buildings	1,491,565	-	-	1,491,565
Site Improvements	<u>13,976</u>	<u>-</u>	<u>-</u>	<u>13,976</u>
Total	\$ 1,738,964	\$ -	\$ -	\$ 1,738,964
Sunnyside				
Land	\$ 185,250	\$ -	\$ -	\$ 185,250
Buildings	1,188,359	-	-	1,188,359
Furniture and Equipment	<u>14,420</u>	<u>-</u>	<u>-</u>	<u>14,420</u>
Total	\$ 1,388,029	\$ -	\$ -	\$ 1,388,029
New Reflections				
Land	\$ 136,031	\$ -	\$ -	\$ 136,031
Buildings	<u>622,815</u>	<u>-</u>	<u>-</u>	<u>622,815</u>
Total	\$ 758,846	\$ -	\$ -	\$ 758,846
Heritage Place				
Land	\$ 886,180	\$ -	\$ -	\$ 886,180
Buildings	2,344,355	-	-	2,344,355
CIP	<u>2,695</u>	<u>-</u>	<u>(2,695)</u>	<u>-</u>
Total	\$ 3,233,230	\$ -	\$ (2,695)	\$ 3,230,535

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FIXED ASSETS - (CONTINUED)

Changes in fixed assets during the year ended June 30, 2016 were as follows - (Continued):

<u>Program</u>	<u>Balance - July 1, 2015</u>	<u>Additions</u>	<u>Transfers and Dispositions</u>	<u>Balance - June 30, 2016</u>
Hendricks				
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Buildings	<u>879,156</u>	<u>-</u>	<u>-</u>	<u>879,156</u>
Total	\$ 979,156	\$ -	\$ -	\$ 979,156
Bridges				
Land	\$ 25,193	\$ -	\$ -	\$ 25,193
Buildings	<u>210,737</u>	<u>-</u>	<u>-</u>	<u>210,737</u>
Total	\$ 235,930	\$ -	\$ -	\$ 235,930
Abbey Heights				
Land	\$ 554,718	\$ -	\$ -	\$ 554,718
Buildings	2,527,124	-	-	2,527,124
Site Improvements	249,355	-	-	249,355
Furniture and Equipment	<u>112,264</u>	<u>-</u>	<u>-</u>	<u>112,264</u>
Total	\$ <u>3,443,461</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,443,461</u>
Totals	\$ <u>34,199,207</u>	\$ <u>115,878</u>	\$ <u>(121,941)</u>	\$ <u>34,193,144</u>
Less: Accum. Depreciation				
Buildings	\$ (11,134,441)	\$ (837,396)	\$ -	\$ (11,971,837)
Site Improv., Furniture and Equipment	<u>(801,568)</u>	<u>(30,428)</u>	<u>-</u>	<u>(831,996)</u>
Total Accum. Deprec.	\$ <u>(11,936,009)</u>	\$ <u>(867,824)</u>	\$ <u>-</u>	\$ <u>(12,803,833)</u>
Total	\$ <u>22,263,198</u>			\$ <u>21,389,311</u>

The Authority records depreciation on fixed assets using the straight-line method of the estimated useful lives ranging from five years to thirty years. The following is a summary of depreciation expense reported for the years ended June 30, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Building and Structures	\$ 832,429	\$ 837,396
Furniture and Equipment	<u>34,288</u>	<u>30,428</u>
Total Depreciation Expense	\$ <u>866,717</u>	\$ <u>867,824</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - INTERPROGRAM RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These short-term receivables and payables are eliminated in the combining of the programs of the financial statements. As of June 30, 2017 and 2016, the composition of interprogram balances were as follows:

	<u>2017</u>	<u>2016</u>
<u>Receivable Program</u>		
Local - General	\$ <u>1,751,674</u>	\$ <u>1,734,147</u>
<u>Payable Program</u>		
Section 8 Housing Choice Vouchers Program	\$ 9,047	\$ 6,277
Haworth Terrace Housing Project	80,886	77,652
New Reflections	<u>13,851</u>	<u>14,601</u>
Total payable program	103,784	98,530
<u>Local Program</u>		
Village Quarter Commercial Space	<u>1,647,890</u>	<u>1,635,617</u>
Total local program	\$ 1,647,890	\$ 1,635,617

NOTE 8 - COMPENSATED ABSENCES PAYABLE

The Authority had accrued earned vacation pay. Paid Time Off (PTO) has a year to year carry-over maximum of 360 hours per eligible employee. PTO in excess of the maximum carry-over may be used or cashed out before December 31 of each year. Any excess of PTO balances over 360 hours on December 31 of each year will be forfeited if not used or cashed out. Upon termination of employment, employees must have 12 continuous months of employment to be compensated for unused PTO.

As of June 30, 2017 and 2016, the compensated absences that have been accrued as a liability in the appropriate program for all programs totaled \$140,372 and \$125,872, respectively.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT

The mortgage notes held by the Authority are nonrecourse and secured by the rental property and equipment. As of June 30, 2017 and 2016, it is not practicable to make a reasonable estimate of fair value for the mortgage notes payable. The following is a summary of a long-term debt outstanding as of June 30, 2017 and 2016:

Fresa Park Housing Project Program - Rural Development Note I

The mortgage note, in the original amount of \$325,045 was borrowed by the Authority February 1, 2005. The note is payable to Rural Development in monthly installments of \$1,048 with a 1% interest rate through January 1, 2035. As of June 30, 2017 and 2016, accrued interest on the mortgage note totaled \$83 and \$93, respectively.

Fresa Park Housing Project Program - Rural Development Note II

The mortgage note, in the original amount of \$358,041, was borrowed by the Authority June 1, 1993. The note is payable to Rural Development in monthly installments of \$1,092 with a 1% interest rate through May 1, 2025. As of June 30, 2017 and 2016, accrued interest on the mortgage note totaled \$170 and \$178, respectively.

Haworth Terrace Housing Project Program - Key Bank

The Authority borrowed \$920,000 on September 1, 1999 from Key Bank. Repayment is due in monthly principal and interest payments of \$4,866 at a rate of interest of 4.8% with the final installment due September 1, 2019, when the entire unpaid principal balance and all accrued unpaid interest becomes due and payable. As of June 30, 2017 and 2016, accrued interest on the mortgage note totaled \$2,153 and \$2,278, respectively.

Homeport - Oregon Housing and Community Services (OHCS)

The Authority borrowed \$173,000 on March 15, 1997. Repayment is due in monthly principal and interest payments of \$659 at a rate of interest of 2.22% with the final installment due on March 15, 2027. As of June 30, 2017 and 2016, accrued interest on the mortgage note totaled \$72 and \$140, respectively.

Riverside Terrace Apartments - Oregon Housing and Community Services (OHCS)

The Authority borrowed \$526,251 on June 28, 2002. Repayment is due in monthly principal and interest payments of \$3,155 at a rate of interest of 6% with the final installment due on August 15, 2032. As of June 30, 2017 and 2016, accrued interest on the mortgage note totaled \$2,485 and \$3,072, respectively.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT - (CONTINUED)

Vittoria Square - Rural Development

The Authority borrowed \$2,144,665 from Rural Development (RD) on June 1, 2005 as described in the three Vittoria Square notes. The mortgage notes are payable to Rural Development in monthly installments totaling \$12,359 (less the interest credit subsidies totaling \$5,573 per month) through April 1, 2035. The stated rates of 5.625% vary from the effective rate of 1% due to mortgage interest subsidies provided by RD.

During the year ended June 30, 2009, one of the three original RD loans, in the original amount of \$921,341, was deferred until January 2029. As of June 30, 2017, its deferred principal balance is \$874,316. Interest continues to accrue during the deferral period. The stated rate of 5.625% varies from the effective rate of 1% due to the mortgage interest subsidy provided by RD.

During the year ended June 30, 2009, the Authority was advanced rehabilitation funds from RD in the amount of \$416,239. During the year ended June 30, 2010, RD advanced an additional \$13,761. The loan agreement was established in the amount of \$430,000. The loan bears interest at 1%. Principal and interest payments are deferred until 2039. The note matures on January 2039. No payments were made during the year ended June 30, 2017 or 2016.

Vittoria Square - Rural Development - (Continued)

During the year ended June 30, 2010, the Authority was advanced rehabilitation funds from RD in totaling \$613,999. The funds were advanced in two notes which mature in January 2039. The mortgage notes are payable to RD in monthly installments of \$2,043 (less the interest credit subsidy of \$1,322 per month) through January 7, 2039. The stated interest rate of 5.375% varies from the effective rate of 1% due to mortgage interest subsidies provided by RD. As of June 30, 2017 and 2016, accrued interest on the mortgage notes totaled \$215,728 and \$190,514, respectively.

Hendricks Place - Oregon Housing and Community Services (OHCS)

During 2006, the Authority entered into a loan with OHCS in the amount of \$290,000 to finance construction costs. Repayment on the loan is due in monthly principal and interest payments of \$1,626 at a rate of interest of 6.15%. The final installment is due April 1, 2046. As of June 30, 2017 and 2016, accrued interest on the note totaled \$984 and \$1,364, respectively.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT - (CONTINUED)

Woodside Park - Citizen Bank

On October 20, 2004, the Authority issued Revenue Note Series 2004 C for \$3,787,000. The proceeds were used to refinance the 1996 Revenue Bonds Payable. Beginning July 1, 2011, the Authority re-amortized its Revenue Note Series 2004 C payable totaling \$3,787,000. Repayment was due in monthly principal and interest payments of \$23,958 through October 1, 2013, at the interest rate of 4.5%. Beginning October 1, 2013, the terms of the note were changed. The monthly principal and interest payments are \$25,547 at a rate of interest of 3.5% with the final payment due on September 1, 2028. As of June 30, 2017 and 2016, accrued interest on the note totaled \$8,305 and \$8,897, respectively.

Tice Park - Citizen Bank

On October 20, 2004, the Authority issued Revenue Note Series 2004 A for \$2,880,000 and Revenue Note Series 2004 B for \$990,000. The repayment of Revenue Note Series 2004 A was due in monthly principal and interest payments of \$19,610 at a rate of interest of 4.5% through October 1, 2013. As of June 30, 2012, Revenue Note Series 2004 B was paid in full. Beginning October 1, 2013, the terms of the Note Series 2004 A were changed. The monthly principal and interest payments are \$18,788 at a rate of interest of 3.5% with the final payment due on September 1, 2022. As of June 30, 2017 and 2016, accrued interest on the note totaled \$3,150 and \$3,687, respectively.

Palmer Creek Project Notes - Rural Development

The first mortgage note, in the original amount of \$231,581 was borrowed by the Authority on December 28, 2006. The note is payable to Rural Development in monthly installments of \$1,390 (less the interest credit subsidies totaling \$643 per month) through February 1, 2037.

The second mortgage note, in the amount of \$142,706, was assigned to the Authority December 28, 2006. The note is payable to Rural Development in monthly installments of \$856 (less the interest credit subsidies totaling \$396 per month) through February 1, 2037.

The stated rates on the notes of 6% vary from the effective rate of 1% due to mortgage interest subsidies provided by RD. The mortgage notes are nonrecourse and are secured by the rental property and equipment. As of June 30, 2017 and 2016, accrued interest on the two mortgage notes totaled \$1,547 and \$1,588, respectively.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT - (CONTINUED)

Local Program Revenue Note Payable

On October 10, 2013, the Authority issued a revenue note series 2013 with Citizens Bank in the amount of \$1,655,000. The proceeds were used to retire the 2003 series revenue bonds payable. Repayment is due in monthly principal and interest payments are \$11,782 at a rate of interest of 3.5% from December 1, 2013 through December 1, 2028. As of June 30, 2017 and 2016, accrued interest on the revenue note payable totaled \$3,899 and \$4,170, respectively.

Abbey Heights - Bank of America

During the year ended June 30, 2013, the Abbey Heights loan with Bank of America was transferred to the Authority. Repayment is due in monthly principal and interest payments of \$4,958 at a rate of interest of 4.15%. The final installment is due January 1, 2019, when the entire unpaid principal and balance becomes due. As of June 30, 2017 and 2016, accrued interest on the mortgage note totaled \$1,890 and \$2,014, respectively.

Heritage Place - Citizens Bank

During September 2009, the Authority entered into a loan in the amount of \$2,585,000 with Citizens Bank. The loan was used to pay a Fannie Mae line of credit used to purchase the property. Beginning October 1, 2013, the terms of the note were changed. The monthly principal and interest payments are \$17,011 at a rate of interest of 3.5% with the final payment due on September 1, 2028. As of June 30, 2017 and 2016, accrued interest on the loan totaled \$5,530 and \$5,925, respectively. The loan is nonrecourse and is secured by the property and equipment.

Village Quarter Commercial Space - West Coast Bank

During the year ended June 30, 2009, the Authority financed the purchase of Village Quarter Commercial Space with a loan from West Coast Bank in the original amount of \$1,240,000. The loan was refinanced on June 7, 2012 with West Coast Bank. The refinanced loan included initial principal in the amount of \$628,492. Repayment on the loan is due in monthly principal and interest payments of \$2,994 from July 1, 2012 with a final payment due June 1, 2017 estimated at \$540,790. The loan was refinanced on May 19, 2017 with Columbia State Bank, whom acquired West Coast Bank in 2013. The new loan has an interest rate of 4.16%, a monthly payment of \$3,002, and a maturity date of May 1, 2022. As of June 30, 2017 and 2016, accrued interest on the loan totaled \$2,720 and \$1,579, respectively. The loan is nonrecourse and secured by the rental property and equipment.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT - (CONTINUED)

New Reflections - West Coast Bank

During the year ended June 30, 2010, the Authority financed the purchase of New Reflections with two loans in the original amounts of \$40,750 and \$221,250, respectively, from West Coast Bank. The first loan was repaid in full in December 2011. Beginning January 10, 2010, repayment on the second loan was initially due in sixty principal and interest payments of \$1,527, at a fixed interest rate of 6.625%. Beginning January 10, 2015, these payments continue until maturity in December 10, 2019, at a variable interest rate subject to the monthly average of the five year long-term fixed-rate advances bullet as published by the Federal Home Loan Bank of Seattle, plus 3.125%. During 2013, Columbia State Bank acquired West Coast Bank. As of June 30, 2017 and 2016, accrued interest on the loan totaled \$1,036 and \$1,066, respectively. The loan is nonrecourse and secured by a deed of a trust and by an assignment of deposit account in the required amount of \$40,750.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT - (CONTINUED)

The following schedule summarizes the changes in mortgages and bonds payable during the fiscal year ended June 30, 2017:

	<u>Balance - June 30, 2016</u>	New <u>Issue/Acquired Loans</u>	<u>Principal Payments</u>	<u>Balance - June 30, 2017</u>
OHCS - Sunnyside Apartments	\$ 541,093	\$ -	\$ (17,367)	\$ 523,726
RD - Fresa Park II	111,773	-	(12,044)	99,729
RD - Fresa Park I	214,057	-	(10,483)	203,574
OHCS - Homeport	75,526	-	(6,449)	69,077
Key Bank - Haworth Terrace	569,570	-	(31,361)	538,209
RD - Riverside Terrace	199,389	-	(7,172)	192,217
OHCS - Riverside Terrace	390,039	-	(15,725)	374,314
RD - Vittoria Square	2,835,797	-	(42,830)	2,792,967
Citizen Bank - Woodside Park	3,050,514	-	(203,035)	2,847,479
Citizen Bank - Tice Park	1,263,990	-	(184,154)	1,079,836
RD - Palmer Creek	317,536	-	(8,124)	309,412
Local Program Revenue Note	1,429,706	-	(92,818)	1,336,888
OHCS - Hendricks Place	266,132	-	(3,800)	262,332
Citizen Bank - Heritage Place	2,031,257	-	(135,195)	1,896,062
West Coast Bank - Village Quarter Commercial Space	557,189	555,000	(564,859)	547,330
Bank of America - Abbey Heights	582,456	-	(36,007)	546,449
West Coast Bank - New Reflections	<u>193,122</u>	<u>-</u>	<u>(5,524)</u>	<u>187,598</u>
Totals	<u>\$ 14,629,146</u>	<u>\$ 555,000</u>	<u>\$ (1,376,947)</u>	<u>\$ 13,807,199</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT - (CONTINUED)

The following schedule summarizes the changes in mortgages payable during the fiscal year ended June 30, 2016.

	<u>Balance - July 1, 2015</u>	New <u>Issue/Acquired Loans</u>	<u>Principal Payments</u>	<u>Balance - June 30, 2016</u>
OHCS - Sunnyside Apartments	\$ 556,380	\$ -	\$ (15,287)	\$ 541,093
RD - Fresa Park II	123,699	-	(11,926)	111,773
RD - Fresa Park I	224,436	-	(10,379)	214,057
OHCS - Homeport	81,679	-	(6,153)	75,526
Key Bank - Haworth Terrace	599,369	-	(29,799)	569,570
RD - Riverside Terrace	206,094	-	(6,705)	199,389
OHCS - Riverside Terrace	404,039	-	(14,000)	390,039
RD - Vittoria Square	2,876,322	-	(40,525)	2,835,797
Citizen Bank - Woodside Park	3,246,575	-	(196,061)	3,050,514
Citizen Bank - Tice Park	1,441,819	-	(177,829)	1,263,990
RD - Palmer Creek	325,189	-	(7,653)	317,536
Local Program Revenue Note	1,519,577	-	(89,871)	1,429,706
OHCS - Hendricks Place	269,175	-	(3,043)	266,132
Citizen Bank – Heritage Place	2,161,810	-	(130,553)	2,031,257
West Coast Bank - Village Quarter Commercial Space	575,587	-	(18,398)	557,189
Abbey Loan	617,002	-	(34,546)	582,456
West Coast Bank - New Reflections	<u>198,253</u>	<u>-</u>	<u>(5,131)</u>	<u>193,122</u>
Totals	<u>\$ 15,427,005</u>	<u>\$ -</u>	<u>\$ (797,859)</u>	<u>\$ 14,629,146</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT - (CONTINUED)

Summary of Estimated Principal Requirements to Maturity All Mortgages Payable (bond payable presented separately) as of June 30, 2017 for each fiscal year during the next five year period ending June 30, 2022, and in five year increments thereafter.

Year Ended June 30, _____	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-2027</u>	<u>2028-2032</u>	<u>2033-2037</u>	<u>2038-2042</u>	<u>2043- 2047</u>	<u>2048- 2052</u>	<u>2053- 2057</u>	<u>Total</u>
Citizen Bank - Tice Park	\$ 190,703	\$ 197,486	\$ 204,510	\$ 211,784	\$ 219,316	\$ 56,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,079,836
RD - Vittoria	45,209	47,784	50,505	53,381	56,420	334,117	1,144,027	565,906	495,618	-	-	-	2,792,967
RD - Fresa Park	10,588	10,695	10,802	10,911	11,020	56,785	59,695	33,078	-	-	-	-	203,574
RD - Fresa Park	12,166	12,289	12,412	12,537	12,663	37,662	-	-	-	-	-	-	99,729
OHCS - Riverside	15,780	16,754	17,787	18,884	20,049	120,391	162,390	2,279	-	-	-	-	374,314
RD - Riverside	7,671	8,205	8,777	9,388	10,042	61,722	86,412	-	-	-	-	-	192,217
OHCS - Homeport	6,432	6,576	6,731	6,882	7,036	35,420	-	-	-	-	-	-	69,077
Key Bank - Haworth	33,349	504,860	-	-	-	-	-	-	-	-	-	-	538,209
OHCS - Sunnyside	17,231	18,294	19,422	20,620	21,892	131,456	177,315	117,496	-	-	-	-	523,726
Citizen Bank - Woodside	210,256	217,734	225,478	233,498	241,803	1,344,298	374,412	-	-	-	-	-	2,847,479
Palmer Creek	8,625	9,157	9,722	10,322	10,958	65,804	88,760	106,064	-	-	-	-	309,412
Local Program Revenue Note	96,120	99,539	103,079	106,745	110,542	614,557	206,306	-	-	-	-	-	1,336,888
OHCS - Hendricks Place	3,440	3,657	3,889	4,135	4,396	26,522	36,042	48,981	66,561	64,709	-	-	262,332
Citizens Bank - Heritage	140,004	144,983	150,140	155,480	161,010	895,134	249,311	-	-	-	-	-	1,896,062
West Coast Bank - Village Qtr. Comm.	12,108	13,745	14,328	14,936	492,213	-	-	-	-	-	-	-	547,330
West Coast Bank - New Reflections	6,111	6,529	6,992	7,469	7,979	48,856	67,980	35,682	-	-	-	-	187,598
Abbey Loan	<u>37,530</u>	<u>508,919</u>											<u>546,449</u>
Totals	\$ <u>853,323</u>	\$ <u>1,827,206</u>	\$ <u>844,574</u>	\$ <u>876,972</u>	\$ <u>1,387,339</u>	\$ <u>3,828,761</u>	\$ <u>2,652,650</u>	\$ <u>909,486</u>	\$ <u>562,179</u>	\$ <u>64,709</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>13,807,199</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM DEBT - (CONTINUED)

Summary of Estimated Interest Requirements to Maturity All Mortgages Payable (bond payable presented separately) as of June 30, 2017 for each fiscal year during the next five year period ending June 30, 2022, and in five year increments thereafter.

Year Ended June 30, _____	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-2027</u>	<u>2028-2032</u>	<u>2033-2037</u>	<u>2038-2042</u>	<u>2043-2047</u>	<u>2048-2052</u>	<u>2053-2057</u>	<u>Total</u>
Citizen Bank - Tice Park	\$ 34,754	\$ 27,972	\$ 20,948	\$ 13,674	\$ 6,141	\$ 327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 103,816
RD - Vittoria	83,179	80,558	77,789	74,861	71,767	305,891	986,127	79,350	137,580	-	-	-	1,897,102
RD - Fresa Park I	1,987	1,881	1,773	1,665	1,555	6,095	3,183	456	-	-	-	-	18,595
RD - Fresa Park II	942	819	969	571	445	507	-	-	-	-	-	-	4,253
OHCS - Riverside	22,081	21,108	20,075	18,978	17,813	68,918	26,920	16	-	-	-	-	195,909
RD - Riverside	12,740	12,206	11,635	11,024	10,370	40,336	15,640	-	-	-	-	-	113,951
OHCS - Homeport	1,472	1,328	1,177	1,026	872	1,926	-	-	-	-	-	-	7,801
Key Bank - Haworth	25,042	147,712	-	-	-	-	-	-	-	-	-	-	172,754
OHCS - Sunnyside	31,023	29,960	28,832	27,634	26,362	109,814	63,955	10,044	-	-	-	-	327,624
Citizen Bank - Woodside	96,310	88,832	81,088	73,068	64,764	188,532	8,796	-	-	-	-	-	601,390
Palmer Creek	2,500	2,379	2,258	2,135	2,011	8,150	4,857	1,423	-	-	-	-	25,713
Local Program													
Revenue Note	45,259	41,840	38,300	34,634	30,837	92,338	5,764	-	-	-	-	-	288,972
OHCS - Hendricks	16,072	15,855	15,623	15,377	15,116	71,038	61,518	48,580	30,999	7,992	-	-	298,170
Citizens Bank Heritage	64,130	59,151	53,994	48,654	43,124	125,538	5,857	-	-	-	-	-	400,448
West Coast Bank - Village Qtr. Comm.	20,914	22,279	21,697	21,089	20,456	-	-	-	-	-	-	-	106,435
West Coast Bank - New Reflections	12,217	11,800	11,337	10,859	10,349	42,787	23,663	2,521	-	-	-	-	125,533
Abbey Loan	<u>21,969</u>	<u>12,086</u>											<u>34,055</u>
Totals	<u>\$ 492,591</u>	<u>\$ 577,766</u>	<u>\$ 387,495</u>	<u>\$ 355,249</u>	<u>\$ 321,982</u>	<u>\$ 1,062,197</u>	<u>\$ 1,206,280</u>	<u>\$ 142,390</u>	<u>\$ 168,579</u>	<u>\$ 7,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,722,521</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - PENSION PLAN

Plan Description - The Authority participates in the ICMA Retirement Corporation Prototype Money Purchase Plan and Trust Adoption Agreement (ICMA), which is a 401(a) defined contribution retirement plan administered through the ICMA Retirement Corporation. Prototype Sponsor is the plan administrator.

All employees of the Authority who are regular employees scheduled to work 20 hours per week are eligible and are covered in the plan following six months employment. Normal retirement age is determined as 65. Benefits vest as follows:

Years of Service Completed	Specified Percent Vesting	Minimum Vesting Requirements
0	0	No minimum
1	20%	No minimum
2	40%	No minimum
3	60%	Not less than 20%
4	80%	Not less than 40%
5	100%	Not less than 60%
6	100%	Not less than 80%
7+	100%	Must equal 100%

The monthly rate of contribution to the plan is 7% of base salary and is paid by the Authority. The employees are required to contribute 6% of base salary. The Authority has elected to withhold the required participant contribution on a pretax basis. The total pension expense for the Authority for the years ended June 30, 2017 and 2016 totaled \$112,012 and \$108,242, respectively.

The contribution requirements are established, and may be changed or amended by the Authority management with Board approval.

The ICMA issues a comprehensive annual financial report which may be obtained by writing to ICMA Retirement Corporation at 777 N. Capitol Street, N.E., Washington, D.C. 20002-4240 or by calling (202) 962-4600.

Funding Status - As of June 30, 2017 and 2016, total covered payroll was \$1,600,171 and \$1,546,314, respectively. Total covered payroll at June 30, 2017 was 100.00% of total wages of \$1,547,387. Total covered payroll at June 30, 2016 was 100.00% of total wages \$1,439,787.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - CONTINGENCIES AND GUARANTIES

Deskins Commons Operating Deficit Guaranty

In accordance with the Amended and Restated Operating Agreement for Deskins Commons, the Authority, who is the managing member of Deskins Commons, will fund operating deficits of the project. At any time prior to receipt of the investor member's final installment, the Authority shall fund any operating deficits without limitation through operating deficit loans. Following the receipt of the investor member's final installment and for a minimum of three years thereafter, the Authority may withdraw funds from the project's operating reserve and is obligated to provide additional operating deficit loans not to exceed \$192,647 to fund operating deficits. Operating deficit loans will bear interest, as described in the agreement. Following the three year minimum period, the Authority's obligation to fund operating deficit loans terminates upon the achievement of conditions described in the operating agreement, including: 1) a balance of the project's operating reserve of at least \$192,647, 2) achievement of a specified average debt service coverage ratio for a period, 3) achievement of a specified minimum qualified occupancy for a period, 4) certain payments to the investor member have been made. As of June 30, 2017 and 2016, there were no operating deficit loans made from the Authority to Deskins Commons.

Tax Credit Guaranty – Deskins Commons

The Authority, as the managing member of Deskins Commons, is obligated to insure that the property will be constructed and operated in accordance with terms and conditions set forth in the various agreements in order qualify for and maintain the annual tax credits, as defined in the operating agreement of Deskins Commons.

Risk Management

The Authority is a member of the Housing Authorities Risk Retention Pool (HARRP). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), fifty-five public housing authorities in the states of Washington, Oregon and California originally formed HARRP in March 1987. HARRP was created for the purposes of providing a pooling mechanism for jointly purchasing insurance, jointly self insuring, and/or jointly contracting for risk management services. HARRP currently has a total of ninety-two members in the states of Washington, Oregon, Nevada and California.

New members originally contract for a three year term and thereafter automatically renew on an annual basis. Members may quit (after completion of the three year commitment) upon giving notice to HARRP prior to their renewal date. HARRP can terminate the members after giving a sixty (60) day notice prior to the renewal date. Termination does not relieve a former member from its unresolved losses incurred during membership.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - CONTINGENCIES AND GUARANTIES - (CONTINUED)

HARRP provides loss control services, claim investigation and adjusting, litigation management and defense with in-house staff and retained third-party contractors.

HARRP is fully funded by member assessments that are adjusted annually by the HARRP Board on the basis of independent actuarial studies. These assessments cover loss, loss adjustment expenses, reinsurance and other administrative expenses. HARRP does not have the right to assess the membership for any shortfall in its funding. Such shortfalls are made up through future rate adjustments.

NOTE 12 - UNION CONTRACT

The Authority employs a total of 36 employees who work at our various properties located throughout Yamhill County. 27 of the employees of the Authority are covered under a union contract. The contract with the Oregon AFSCME Local 3964 is negotiated and renewed every 3 years.

During June through September 2015, the provisions of the contract for the 3 year period beginning September 1, 2015 were opened for negotiations. Based on negotiations, the contract was modified as follows:

- Effective January 1, 2016, no position shall be paid less than \$15 per hour.
- Effective September 1, 2016, Step 7 of the series of salary steps shall be increased from 2% to 3.5%, and effective September 1, 2017, Step 7 shall be increased from 3.5% to 5%.
- A fixed 2% COLA (cost of living adjustment) is effective on September 1 2016, and a fixed 2.5% COLA is effective on September 1, 2017.
- Furlough days and PTO cash-outs were suspended.
- The PTO accrual rate for employees less than 1 year of service decreased to 16 hours per month, the PTO accrual rate for employees with 10 to 14 years of service is capped at 22 hours per month, and the PTO accrual rate for employees with 15 or more years of service is 24 hours per month.

The term of the most recent contract is September 1, 2015 through August 31, 2018.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - MAJOR COMPONENT UNIT INFORMATION

VILLAGE QUARTER LIMITED PARTNERSHIP

Village Quarter Limited Partnership (Village Quarter) is an Oregon limited partnership which was formed in 2007 to construct, own, and operate the Village Quarter Apartments, a 50-unit apartment project located in McMinnville, Oregon. The partnership agreement provides for termination of the partnership in December 31, 2099. Construction was completed and rental operations began in 2008. Village Quarter has received an allocation of federal low-income housing tax credits under Section 42 of the Internal Revenue Code, administered by the Oregon Housing and Community Services Department (OHCS). Under this program, housing provided by Village Quarter is subject to monitoring of tenant eligibility by OHCS. In addition, Village Quarter has agreed to maintain all apartment units as both rent restricted and occupied by low-income tenants for a period of 40 years beginning in 2008.

Village Quarter has a note from the Authority to borrow up to \$1,098,790. Interest accrues at a rate of 5.5%. Annual interest repayment is due to the Authority from available net cash flow, as defined in the loan agreement. As stated in the loan agreement, the maturity date is the earliest of (a) September 1, 2037; (b) the date that is 15 years after the close of the compliance period; (c) the date that the property is no longer a qualified low-income property; (d) the date the property is sold; or (e) the date the note is refinanced. As of December 31, 2016 and 2015, note payable totaled \$1,080,790 each year. As of December 31, 2016 and 2015, accrued interest payable to the Authority totaled \$536,174 and \$476,730, respectively.

The Authority performs management services of the apartment project. During 2016 and 2015, the Authority charged property management fees totaling \$27,177 and \$27,415, respectively. As of December 31, 2016 and 2015, property management fees payable to the Authority totaled \$2,291 and \$2,237, respectively, and were included in current liabilities.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - MAJOR COMPONENT UNIT INFORMATION - (CONTINUED)

Village Quarter Limited Partnership condensed statements of net position at December 31, 2016 and 2015:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Current assets	\$ 127,546	\$ 156,988
Capital assets, net of accumulated depreciation	7,788,842	8,051,945
Other assets	<u>258,344</u>	<u>242,964</u>
Total assets	<u><u>8,174,732</u></u>	<u><u>8,451,897</u></u>
Current liabilities	33,009	98,723
Long-term liabilities	<u>3,500,677</u>	<u>3,478,323</u>
Total liabilities	3,533,686	3,577,046
Net position		
Unrestricted	<u>4,641,046</u>	<u>4,874,851</u>
Total net position	<u>4,641,046</u>	<u>4,874,851</u>
Total liabilities and net position	<u><u>\$ 8,174,732</u></u>	<u><u>\$ 8,451,897</u></u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - MAJOR COMPONENT UNIT INFORMATION - (CONTINUED)

VILLAGE QUARTER LIMITED PARTNERSHIP - (CONTINUED)

Village Quarter Limited Partnership condensed statements of revenues, expenses and changes in net position for the years ended December 31, 2016 and 2015:

	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Operating revenue:		
Gross rental potential	\$ 402,000	\$ 393,000
Vacancy/collection loss	<u>(9,348)</u>	<u>(8,801)</u>
	392,652	384,199
Other revenue	<u>8,864</u>	<u>8,385</u>
Total revenue	<u>401,516</u>	<u>392,584</u>
Operating expenses:		
Administrative	52,971	48,905
Management fees	27,177	27,415
Operating and maintenance	34,767	24,259
Payroll and payroll taxes	51,034	42,224
Interest	145,705	144,073
Utilities	<u>41,914</u>	<u>41,239</u>
	<u>353,568</u>	<u>328,115</u>
Operating income	47,948	64,469
Non-operating expenses:		
Depreciation	263,103	263,103
Amortization	3,278	10,426
Partnership management fee	12,298	11,941
Investor service fee	<u>3,074</u>	<u>2,985</u>
	<u>281,753</u>	<u>288,455</u>
Decrease in net position	<u>\$ (233,805)</u>	<u>\$ (223,986)</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - MAJOR COMPONENT UNIT INFORMATION - (CONTINUED)

VILLAGE QUARTER LIMITED PARTNERSHIP - (CONTINUED)

Village Quarter Limited Partnership condensed statement of cash flows for the years ended December 31, 2016 and 2015:

	<u>Years Ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Decrease in net position	\$ (233,805)	\$ (223,986)
Adjustments to reconcile net position to net cash provided by operating activities:		
Depreciation and amortization	273,529	273,529
Changes in certain assets and liabilities:		
Accounts receivable	(2,404)	(4,401)
Accounts payable	113	3,931
Accrued interest payable	55,774	58,230
Due to affiliates	1,299	621
Partnership management fee payable	12,298	11,941
Investor services fee payable	(2,985)	87
Tenant security deposits	641	(1)
Prepaid rent	<u>2,874</u>	<u>13,879</u>
Net cash provided from operating activities	107,334	133,830
Cash flows from capital and related financing activities:		
Principal payments on loans payable	(50,796)	(48,997)
Payment of developer fees payable	<u>(70,000)</u>	<u>(21,000)</u>
Net cash flows used by capital and related financing activities	<u>(120,796)</u>	<u>(69,997)</u>
Cash flows from investing activities:		
Net deposits to replacement reserves	(352)	(352)
Net deposits to operating deficit reserve	<u>(18,032)</u>	<u>(17,430)</u>
Net cash flows used by investing activities	<u>(18,384)</u>	<u>(17,782)</u>
Net increase in cash	(31,846)	46,051
Cash and cash equivalents - beginning of year	<u>137,714</u>	<u>91,663</u>
Cash and cash equivalents - end of year	<u>\$ 105,868</u>	<u>\$ 137,714</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - MAJOR COMPONENT UNIT INFORMATION - (CONTINUED)

DESKINS COMMONS HOUSING LLC

Deskings Commons Housing LLC (Deskings Commons) is an Oregon limited liability company which was formed October 31, 2012 to acquire, develop, construct, own and operate a 55-unit apartment project known as Deskings Commons Housing in Newberg, Oregon. The Company's term is perpetual, unless terminated in accordance with the operating agreement. Deskings Commons received an allocation of federal low-income housing tax credits under Section 42 of the Internal Revenue Code, administered by the Oregon Housing and Community Services Department (OHCS). Under this program, housing provided by the project is subject to monitoring of tenant eligibility by OHCS. In addition, Deskings Commons has agreed to maintain 55 of the apartment units as both rent restricted and occupied by low-income tenants for a period of 60 years beginning at date of the completion of construction, which occurred on July 22, 2014.

Deskings Commons has a sponsor note from the Authority in the amount of \$2,760,287 with annually compounding interest at 2.8%. The note is payable from available cash flow, as defined in the project's operating agreement, and matures July 30, 2063. During 2015, interest charged on the note totaled \$112,552, of which \$92,829 was capitalized. As of December 31, 2016 and 2015, note payable totaled \$2,760,287 each year. As of December 31, 2016 and 2015, accrued interest totaled \$275,683, and \$193,177, respectively.

In addition, Deskings Commons executed a promissory note with the Authority under which the Authority will loan up to \$500,000 with annually compounding interest at 2.8%. The note is payable from available cash flow, as defined in the project's operating agreement, and matures July 30, 2063. During 2015, interest charged on the note totaled \$15,017, of which \$11,551 was capitalized. As of December 31, 2016 and 2015, advances on the loan totaled \$500,000 each year. As of December 31, 2016 and 2015, accrued interest totaled \$23,701 and \$29,437, respectively.

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - MAJOR COMPONENT UNIT INFORMATION - (CONTINUED)

DESKINS COMMONS HOUSING LLC - (CONTINUED)

Deskins Commons condensed statement of net position at December 31, 2016:

Current assets	\$ 132,671
Capital assets	12,278,825
Other assets	<u>340,679</u>
Total assets	<u>\$ 12,752,175</u>
Current liabilities	\$ 23,303
Long-term liabilities	<u>5,754,120</u>
Total liabilities	5,777,423
Net position	
Unrestricted	<u>6,974,752</u>
Total net position	<u>6,974,752</u>
Total liabilities and net position	<u>\$ 12,752,175</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - MAJOR COMPONENT UNIT INFORMATION - (CONTINUED)

DESKINS COMMONS HOUSING LLC - (CONTINUED)

Deskins Commons condensed statements of revenues, expenses and changes in net position for the year ended December 31, 2016:

Operating revenue:	
Gross rental potential	\$ 452,619
Other revenue	<u>6,410</u>
Total revenue	<u>459,029</u>
Operating expenses:	
Administrative	57,578
Management fees	30,646
Utilities	69,377
Operating and maintenance	60,252
Insurance	10,255
Interest	<u>185,715</u>
	<u>413,823</u>
Operating income	45,206
Non-operating expenses:	
Depreciation	577,713
Amortization	<u>8,865</u>
	586,578
Other expenses	<u>19,570</u>
Decrease in net position	\$ <u>(560,942)</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - MAJOR COMPONENT UNIT INFORMATION - (CONTINUED)

DESKINS COMMONS HOUSING LLC - (CONTINUED)

Deskins Commons condensed statement of cash flows for the year ended December 31, 2016.

Cash flows from operating activities:

Decrease in net position	\$ (560,942)
Adjustments to reconcile net position to net cash provided by operating activities:	
Depreciation and amortization	591,890
Changes in certain assets and liabilities:	
Accounts receivable	(2,112)
Accounts payable	5,804
Accrued interest payable	76,586
Managing member asset management fee payable	420
Investor asset management fee payable	5,150
Prepaid rent	1,376
Accrued payroll	186
Insurance reserve	<u>(103)</u>
Net cash provided from operating activities	118,255

Cash flows from capital and related financing activities:

Payments of mortgage note	(59,665)
Payment for development fees	<u>(20,000)</u>
Net cash flows provided by capital and related financing activities	<u>(79,665)</u>

Cash flows from investing activities:

Net deposits to replacement reserves	(20,235)
Net deposits to operating deficit reserve	<u>(158)</u>
Net cash flows used by investing activities	<u>(20,393)</u>

Net increase in cash	18,197
Cash and cash equivalents - beginning of year	<u>109,246</u>
Cash and cash equivalents - end of year	<u>\$ 127,443</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - VILLAGE QUARTER COMMERCIAL SPACE OPERATING LEASE AND COMMITMENT

On March 6, 2014, the Authority entered into an operating lease with Yamhill County Care Organization, Inc. (YCCO) to lease the first bay of the commercial space at Village Quarter. The term of the lease began on July 1, 2014 and expires on June 30, 2017. The initial monthly base of rent payments to be received by Authority is \$3,355, escalating on annual basis by the increase in the consumer price index of Portland, Oregon, published by the United States Bureau of Labor Statistics.

On April 14, 2014, YCCO exercised its first option to expand to the second bay of the commercial space. The lease was amended to include additional base rent of \$2,806 per month, commencing on October 1, 2014, with a grant of right of first refusal on the third bay. On November 5, 2014, YCCO expanded to the third bay of the commercial space. The lease was amended to include additional base rent of \$2,806 per month, commencing in January 2015.

YCCO has been granted an option to purchase the entire commercial space, within 24 months following the commencement of the lease. An extension to the option agreement dated June 12, 2017, provided YCCO an additional 6 months, and will expire on December 31, 2017. The Authority is obligated to cause the leasehold improvements to be completed in good and workmanlike manner, in accordance with working plans and specifications.

For the year ended June 30, 2017, rental income received by the Authority totaled \$107,604.

Estimated minimum future lease payments in effect as of June 30, 2017 to be received by the Authority were as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 60,359

NOTE 15 - COMMERCIAL LEASE AND COMMITMENT WITH ALEXONET INC.

On April 25, 2016, the Authority entered into a commercial lease with Alexonet, Inc (lessee) to lease the premises at 133 NE Dunn Place, McMinnville, OR. The term of the lease began on May 1, 2016 and expires on April 30, 2018. The initial monthly base of rent payments to be received by Authority is \$1,330, plus \$170 per month for utilities, subject to utility rate increases.

For the year ended June 30, 2017, rental income received by the Authority totaled \$18,000.

Estimated minimum future lease payments in effect as of June 30, 2017 to be received by the Authority were as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 15,000

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF YAMHILL COUNTY

Statement of Net Position for Selected Programs

As of June 30, 2017

	<u>Homeport Apartments</u>	<u>Sunnyside Apartments</u>	<u>Hendricks Place Apartments</u>	<u>Riverside Terrace</u>
ASSETS:				
Current assets:				
Cash - unrestricted	\$ 207,443	\$ 42,944	\$ 54,161	\$ 32,074
Receivables:				
Tenant accounts, net	4,088	3,824	1,703	2,350
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,328</u>
Total Current assets	211,531	46,768	55,864	51,752
Restricted assets:				
Restricted cash and cash equivalents	4,690	6,310	3,850	13,769
Restricted investments	<u>37,083</u>	<u>102,843</u>	<u>34,250</u>	<u>155,021</u>
Total Restricted Assets	41,773	109,153	38,100	168,790
Fixed assets, net of depreciation	<u>391,320</u>	<u>1,002,165</u>	<u>725,405</u>	<u>656,565</u>
Total assets	<u>\$ 644,624</u>	<u>\$ 1,158,086</u>	<u>\$ 819,369</u>	<u>\$ 877,107</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 1,496	\$ 1,221	\$ 1,022	\$ 3,590
Accrued interest payable	72	1,964	984	2,485
Security deposits	4,690	6,310	3,850	13,769
Deferred revenue	840	3,095	1,775	913
Current portion of long-term mortgage debt	<u>6,704</u>	<u>19,865</u>	<u>4,569</u>	<u>25,419</u>
Total current liabilities	13,802	32,455	12,200	46,176
Long-term liabilities:				
Mortgages payable	<u>62,373</u>	<u>503,861</u>	<u>257,762</u>	<u>541,112</u>
Total long-term liabilities	62,373	503,861	257,762	541,112
Total liabilities	76,175	536,316	269,962	587,288
NET POSITION:				
Investment in capital assets, net of related debt	322,243	478,439	463,074	90,034
Restricted	37,083	102,843	34,250	155,021
Unrestricted	<u>209,123</u>	<u>40,488</u>	<u>52,083</u>	<u>44,764</u>
Total net position	<u>568,449</u>	<u>621,770</u>	<u>549,407</u>	<u>289,819</u>
Total liabilities and net position	<u>\$ 644,624</u>	<u>\$ 1,158,086</u>	<u>\$ 819,369</u>	<u>\$ 877,107</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

Statement of Revenues, Expenses, and Changes in Net Position for Selected Programs

Year Ended June 30, 2017

	Homeport Apartments	Sunnyside Apartments	Hendricks Place Apartments	Riverside Terrace
Operating income:				
Dwelling rent	\$ 81,419	\$ 107,939	\$ 62,105	\$ 70,805
Housing assistance receipts	-	-	-	124,982
Other income	<u>11,466</u>	<u>3,246</u>	<u>-</u>	<u>30</u>
Total operating income	92,885	111,185	62,105	195,817
Operating expenses:				
Administration	4,564	24,481	6,918	45,385
Utilities	10,329	14,982	6,397	25,393
Ordinary maintenance	24,353	21,847	13,005	31,088
General expense	<u>4,766</u>	<u>2,641</u>	<u>690</u>	<u>19,768</u>
Total operating expenses	44,012	63,951	27,010	121,634
Non-operating income (expenses):				
Investment income	17	252	59	772
Interest expense	(1,200)	(27,968)	(13,715)	(23,002)
Depreciation	<u>(24,272)</u>	<u>(29,719)</u>	<u>(22,091)</u>	<u>(26,127)</u>
Net non-operating income (expenses)	<u>(25,455)</u>	<u>(57,435)</u>	<u>(35,747)</u>	<u>(48,357)</u>
Increase (decrease) in net position	23,418	(10,201)	(652)	25,826
Net position - beginning	<u>545,031</u>	<u>631,971</u>	<u>550,059</u>	<u>263,993</u>
Net position - ending	<u>\$ 568,449</u>	<u>\$ 621,770</u>	<u>\$ 549,407</u>	<u>\$ 289,819</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

Statement of Cash Flows for Selected Programs

Year Ended June 30, 2017

	<u>Homeport Apartments</u>	<u>Sunnyside Apartments</u>	<u>Hendricks Place Apartments</u>	<u>Riverside Terrace</u>
Cash flows from operating activities:				
Change in net position	\$ 23,418	\$ (10,201)	\$ (652)	\$ 25,826
Adjustments to reconcile change in net position to net cash provided by operations:				
Depreciation	24,272	29,719	22,091	26,127
Cash paid for interest	(17)	(252)	(59)	(772)
Changes in certain assets and liabilities:				
Accounts receivable from tenants, net	(2,270)	(1,184)	(1,502)	(506)
Prepaid expenses	-	-	-	(17,328)
Accounts payable	(352)	(175)	69	(452)
Accrued interest payable	(68)	(741)	(380)	(587)
Deferred revenue	<u>268</u>	<u>(1,046)</u>	<u>371</u>	<u>(1,280)</u>
Net cash provided by operating activities	45,251	16,120	19,938	31,028
Cash flows from investing activities:				
Cash transfers from (to) investments	(4,817)	(4,752)	(2,255)	(38,976)
Investment income	<u>17</u>	<u>252</u>	<u>59</u>	<u>772</u>
Net cash used by investing activities	(4,800)	(4,500)	(2,196)	(38,204)
Cash flows from financing activities:				
Payments on notes payable	<u>(6,449)</u>	<u>(17,367)</u>	<u>(3,801)</u>	<u>(22,897)</u>
Net cash used by financing activities	<u>(6,449)</u>	<u>(17,367)</u>	<u>(3,801)</u>	<u>(22,897)</u>
Net increase (decrease) in cash	34,002	(5,747)	13,941	(30,073)
Cash - beginning of year	<u>173,441</u>	<u>48,691</u>	<u>40,220</u>	<u>62,147</u>
Cash - end of year	<u>\$ 207,443</u>	<u>\$ 42,944</u>	<u>\$ 54,161</u>	<u>\$ 32,074</u>
Payments for interest	\$ 1,268	\$ 28,709	\$ 14,095	\$ 23,589

HOUSING AUTHORITY OF YAMHILL COUNTY
 COMBINING FINANCIAL STATEMENTS AS PRESCRIBED BY REAC
 FOR YEAR ENDING JUNE 30, 2017

LINE ITEM #	ACCOUNT DESCRIPTION	Housing Choice Vouchers	Low Rent Public Housing	Rural Rental Assistance Fresa Park	Rural Rental Assistance Riverside	Rural Rental Assistance Vittoria Sqr.	Rural Rental Assistance Palmer Crk	Rural Rental Assistance Programs Combined	Other Business Activities	TOTAL COMBINED
	Current Assets									
111	Cash - Unrestricted	\$ 322,750	\$ -	\$ 7,747	\$ 32,074	\$ 1,279	\$ 420	\$ 41,520	\$ 220,353	\$ 584,623
112	Cash - Restricted - Modernization and Development							-	-	-
113	Cash - Other Restricted	323,340	-	-	-	-	-	-	36,772	360,112
114	Cash - Tenant Security Deposits	-	-	13,105	13,769	20,519	5,584	52,977	229,025	282,002
115	Cash - Restricted for Payment of Current Liabilities							-	-	-
100	Total Cash	646,090	-	20,852	45,843	21,798	6,004	94,497	486,150	1,226,737
121	Accounts Receivable - PHA Projects							-	-	-
122	Accounts Receivable - HUD Other Projects	-	-					-	-	-
124	Accounts Receivable - Other Government							-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	188,662	188,662
126	Accounts Receivable - Tenants	-	-	1,179	2,350	1,394	2,044	6,967	98,682	105,649
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other							-	-	-
127	Notes and Mortgages Receivable - Current							-	-	-
128	Fraud Recovery							-	-	-
128.1	Allowance for Doubtful Accounts - Fraud							-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-	-	-	-
120	Total Receivables, net of allow for doubtful accts	-	-	1,179	2,350	1,394	2,044	6,967	287,344	294,311
131	Investments - Unrestricted	-	-	-	-	-	-	-	419,665	419,665
132	Investments Restricted	-	-	51,960	155,021	878,704	59,291	1,144,976	4,008,250	5,153,226
135	Investments - Restricted for Payment of Current Liabilities							-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	17,328	-	-	17,328	49,647	66,975
143	Inventories							-	-	-
143.1	Allowance for Obsolete Inventories							-	-	-
144	Interprogram Due From	-	-	-	-	-	-	-	1,751,674	1,751,674
145	Assets Held for Sale							-	-	-
146	Amounts to be Provided							-	-	-
150	Total Current Assets	646,090	-	73,991	220,542	901,896	67,339	1,263,768	7,002,730	8,912,588
	Noncurrent Assets									
	Fixed Assets									
161	Land	-	-	28,295	118,700	425,000	100,000	671,995	3,712,953	4,384,948
162	Buildings	-	-	1,884,509	918,001	2,617,391	322,112	5,742,013	23,026,189	28,768,202
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	6,611	-	6,611	110,963	117,574
164	Furniture, Equipment & Machinery - Administration	-	-	20,867	-	-	-	20,867	807,973	828,840
165	Leasehold Improvements							-	-	-
166	Accumulated Depreciation	-	-	(1,014,948)	(380,136)	(720,817)	(113,140)	(2,229,041)	(11,441,509)	(13,670,550)
167	Construction In Progress	-	-	3,400	-	-	2,100	5,500	89,058	94,558
168	Infrastructure							-	-	-
160	Total Fixed Assets, Net of Accum Depreciation	-	-	922,123	656,565	2,328,185	311,072	4,217,945	16,305,627	20,523,572
171	Notes and Mortgages Receivable - Non-Current	-	-	-	-	-	-	-	4,325,927	4,325,927
172	Notes and Mortgages Receivable - Non-Current - Past Due							-	-	-
173	Grants Receivable - Non Current							-	-	-
174	Other Assets	-	-	-	-	-	-	-	860,886	860,886
176	Investments in Joint Ventures	-	-	-	-	-	-	-	89,193	89,193
180	Total Non-Current Assets	-	-	922,123	656,565	2,328,185	311,072	4,217,945	21,581,633	25,799,578
190	Total Assets	\$ 646,090	\$ -	\$ 996,114	\$ 877,107	\$ 3,230,081	\$ 378,411	\$ 5,481,713	\$ 28,584,363	\$ 34,712,166

HOUSING AUTHORITY OF YAMHILL COUNTY
 COMBINING FINANCIAL STATEMENTS AS PRESCRIBED BY REAC
 FOR YEAR ENDING JUNE 30, 2017

LINE ITEM #	ACCOUNT DESCRIPTION	Housing Choice Vouchers	Low Rent Public Housing	Rural Rental Assistance Fresa Park	Rural Rental Assistance Riverside	Rural Rental Assistance Vittoria Sqr.	Rural Rental Assistance Palmer Crk	Rural Rental Assistance Programs Combined	Other Business Activities	TOTAL COMBINED
	Liabilities:									
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	10,769	-	7,671	3,590	3,808	1,683	16,752	76,499	104,020
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	-	65,014	65,014
322	Accrued Compensated Absences	-	-	-	-	-	-	-	140,372	140,372
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	253	2,485	6,867	1,547	11,152	31,703	42,855
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	13,105	13,769	20,520	5,584	52,978	229,027	282,005
342	Unearned Revenue	-	-	507	913	344	-	1,764	39,582	41,346
343	Current Portion of Long-term Debt - Capital Projects	-	-	22,755	25,419	45,270	8,625	102,069	757,415	859,484
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	-	14,621	14,621
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-
347	Interprogram Due To	9,047	-	-	-	-	-	-	1,742,627	1,751,674
348	Loan Liability - Current	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	19,816	-	44,291	46,176	76,809	17,439	184,715	3,096,860	3,301,391
	Noncurrent Liabilities:									
351	Long-term Debt, Net of Current - Capital Projects	-	-	280,548	541,112	2,747,697	300,787	3,870,144	9,077,571	12,947,715
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	318,646	-	-	-	208,861	-	208,861	36,772	564,279
354	Accrued Compensated Absences - Non Current	-	-	-	-	-	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	318,646	-	280,548	541,112	2,956,558	300,787	4,079,005	9,114,343	13,511,994
300	Total Liabilities	\$ 338,462	\$ -	\$ 324,839	\$ 587,288	\$ 3,033,367	\$ 318,226	\$ 4,263,720	\$ 12,211,203	\$ 16,813,385
	Equity:									
501	Investment in General Fixed Assets	-	-	-	-	-	-	\$ -	\$ -	\$ -
	Contributed Capital:									
502	Project Notes (HUD)	-	-	-	-	-	-	-	-	-
503	Long-term Debt - HUD Guaranteed	-	-	-	-	-	-	-	-	-
504	Net HUD PHA Contributions	-	-	-	-	-	-	-	-	-
505	Other HUD Contributions	-	-	-	-	-	-	-	-	-
507	Other Contributions	-	-	-	-	-	-	-	-	-
508	Total Contributed Capital	-	-	-	-	-	-	-	-	-
508.4	Net Investment in Capital Assets	-	-	618,820	90,034	(464,782)	1,660	245,732	6,470,641	6,716,373
	Reserved Fund Balance:									
509	Fund Balance Reserved for Operating Activities	-	-	-	-	-	-	-	-	-
510	Fund Balance Reserved for Capital Activities	-	-	-	-	-	-	-	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-	-
511.4	Restricted Net Position	4,694	-	51,960	155,021	878,703	59,291	1,144,975	4,045,020	5,194,689
512	Undesignated Fund Balance/Retained Earnings	-	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	302,934	-	495	44,764	(217,207)	(766)	(172,714)	5,857,499	5,987,719
513	Total Equity/Net Position	307,628	-	671,275	289,819	196,714	60,185	1,217,993	16,373,160	17,898,781
600	Total Liabilities and Equity/Net Position	\$ 646,090	\$ -	\$ 996,114	\$ 877,107	\$ 3,230,081	\$ 378,411	\$ 5,481,713	\$ 28,584,363	\$ 34,712,166

HOUSING AUTHORITY OF YAMHILL COUNTY
 COMBINING FINANCIAL STATEMENTS AS PRESCRIBED BY REAC
 FOR YEAR ENDING JUNE 30, 2017

LINE ITEM #	ACCOUNT DESCRIPTION	Housing Choice Vouchers	Low Rent Public Housing	Rural Rental Assistance Fresa Park	Rural Rental Assistance Riverside	Rural Rental Assistance Vittoria Sqr.	Rural Rental Assistance Palmer Crk	Rural Rental Assistance Programs Combined	Other Business Activities	TOTAL COMBINED
	Revenue:									
703	Net Tenant Rental Revenue	\$ -	\$ -	\$ 137,877	\$ 69,257	\$ 118,269	\$ 43,137	\$ 368,540	\$ 3,013,534	\$ 3,382,074
704	Tenant Revenue - Other	-	-	4,974	1,548	3,070	1,694	11,286	61,328	72,614
705	Total Tenant Revenue	-	-	142,851	70,805	121,339	44,831	379,826	3,074,862	3,454,688
706	HUD PHA Grants	10,890,539	-	-	-	-	-	-	-	10,890,539
706.1	HUD Capital Grants	-	-	-	-	-	-	-	-	-
707	Management Fee	-	-	-	-	-	-	-	-	-
708	Other Government Grants	-	-	44,551	124,982	204,963	30,764	405,260	306,137	711,397
711	Investment Income - Unrestricted	-	-	65	63	91	30	249	37,941	38,190
712	Mortgage Interest Income	-	-	-	-	-	-	-	-	-
713	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-
713.1	Cost of Sale of Assets	-	-	-	-	-	-	-	-	-
714.1	Fraud Recovery - HAP	4,314	-	-	-	-	-	-	-	4,314
714.2	Fraud Recovery - Admin Fee	4,314	-	-	-	-	-	-	-	4,314
715	Other Revenue	39,968	-	-	30	-	-	30	785,405	825,403
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	-	(43,330)	(43,330)
720	Investment Income - Restricted	-	-	345	709	8,358	373	9,785	161,162	170,947
700	Total Revenue	\$ 10,939,135	\$ -	\$ 187,812	\$ 196,589	\$ 334,751	\$ 75,998	\$ 795,150	\$ 4,322,177	\$ 16,056,462
	Expenses									
	Administrative:									
911	Administrative Salaries	\$ 732,973	\$ 0	\$ 15,925	\$ 16,502	\$ 14,097	\$ 6,674	\$ 53,198	\$ 589,399	\$ 1,375,570
912	Auditing Fees	9,025	-	768	1,372	900	371	3,411	7,796	20,232
913	Management Fees	-	-	15,386	18,618	29,464	6,730	70,198	270,123	340,321
913.1	Bookkeeping Fees	-	-	-	-	-	-	-	-	-
914	Advertising & Marketing	223	-	-	229	71	399	699	1,317	2,239
	Employee Benefit Contributions -									
915	Administrative	356,285	-	7,866	3,641	6,836	3,259	21,602	330,757	708,644
916	Office Expenses	161,134	-	4,043	3,616	3,846	2,440	13,945	174,825	349,904
917	Legal Expenses	-	-	-	-	1,343	-	1,343	5,724	7,067
918	Travel	440	-	407	779	447	372	2,005	7,018	9,463
918.1	Allocated Overhead	-	-	-	-	-	-	-	-	-
919	Other Operating - Administrative	10,665	-	839	284	673	824	2,620	37,484	50,769
	Tenant Services:									
921	Tenant Services - Salaries	-	-	-	-	-	-	-	-	-
922	Relocation Costs	-	-	-	-	-	-	-	-	-
	Employee Benefit Contributions - Tenant									
923	Services	-	-	-	-	-	-	-	-	-
924	Tenant Services - Other	1,600	-	9	344	22	5	380	898	2,878
	Utilities:									
931	Water	-	-	18,532	5,695	10,008	6,854	41,089	106,383	147,472
932	Electricity	-	-	4,520	2,371	3,754	1,420	12,065	41,444	53,509
933	Gas	-	-	-	-	-	-	-	1,344	1,344
934	Fuel	-	-	-	-	-	-	-	-	-
935	Labor	-	-	-	-	-	-	-	-	-
936	Sewer	-	-	13,989	13,224	20,313	4,100	51,626	215,152	266,778
937	Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-	-	-
938	Other Utilities Expense	478	-	6,876	4,103	6,225	1,501	18,705	74,672	93,855
	Ordinary Maintenance & Operation:									
941	Ordinary Maintenance and Operations - Labor	-	-	10,641	7,841	15,382	6,634	40,498	156,541	197,039
	Ordinary Maintenance and Operations -									
942	Materials and Other	2,678	-	11,433	8,318	11,721	6,312	37,784	212,216	252,678
	Ordinary Maintenance and Operations -									
943	Contract Costs	-	-	21,411	11,547	25,999	9,862	68,819	237,551	306,370
	Employee Benefit Contributions - Ordinary									
945	Maintenance	-	-	4,294	3,382	7,569	3,359	18,604	68,106	86,710
951	Protective Services - Labor	-	-	-	-	-	-	-	-	-
952	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-
953	Protective Services - Other	-	-	-	-	-	-	-	-	-
	Employee Benefit Contributions - Protective									
955	Services	-	-	-	-	-	-	-	-	-

HOUSING AUTHORITY OF YAMHILL COUNTY
 COMBINING FINANCIAL STATEMENTS AS PRESCRIBED BY REAC
 FOR YEAR ENDING JUNE 30, 2017

LINE ITEM #	ACCOUNT DESCRIPTION	Housing Choice Vouchers	Low Rent Public Housing	Rural Rental Assistance Fresa Park	Rural Rental Assistance Riverside	Rural Rental Assistance Vittoria Sqr.	Rural Rental Assistance Palmer Crk	Rural Rental Assistance Programs Combined	Other Business Activities	TOTAL COMBINED
	General Expenses:									-
961	Insurance Premiums	17,881	-	2,900	19,767	4,565	1,225	28,457	41,926	88,264
962	Other General Expenses	7,785	-	3	1	5	-	9	1,821	9,615
963	Payments in Lieu of Taxes									-
964	Bad Debt - Tenant Rents	-	-	-	-	2,429	69	2,498	22,595	25,093
965	Bad Debt - Mortgages									-
966	Bad Debt - Other									-
967.1	Interest on Mortgage (or Bonds) Payable	-	-	3,136	23,002	54,230	6,316	86,684	385,416	472,100
967.2	Interest on Note Payable (Short & Long Term)									-
967.3	Amortization of Bond/Loan Issue Costs	-	-	-	-	-	-	-	11,387	11,387
968	Severance Expense									-
969	Total Operating Expenses	1,301,167	-	142,978	144,636	219,899	68,726	576,239	3,001,895	4,879,301
970	Excess Operating Revenue over Operating Expenses	9,637,968	-	44,834	51,953	114,852	7,272	218,911	1,320,282	11,177,161
	Other Expenses:									-
971	Extraordinary Maintenance									-
972	Casualty Losses - Non-Capitalized									-
973	Housing Assistance Payments	9,595,517	-	-	-	-	-	-	141,354	9,736,871
974	Depreciation Expense	-	-	59,123	26,127	79,034	12,306	176,590	690,128	866,718
975	Fraud Losses									-
976	Capital Outlays - Governmental Funds									-
977	Debt Principal Payment - Governmental Funds									-
978	Dwelling Units Rent Expense									-
900	Total Expenses	\$ 10,896,684	\$ -	\$ 202,101	\$ 170,763	\$ 298,933	\$ 81,032	\$ 752,829	\$ 3,833,377	\$ 15,482,890
	Other Financing Sources (Uses)									-
1001	Operating Transfers In									-
1002	Operating Transfers Out									-
1003	Operating Transfers from/to Primary Government									-
1004	Operating Transfers from/to Component Unit									-
1005	Proceeds from Notes, Loans and Bonds									-
1006	Proceeds from Property Sales									-
1007	Extraordinary Items (net gain/loss)									-
1008	Special Items (net gain/loss)	-	-	-	-	-	-	-	(178)	(178)
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	(178)	(178)
1000	Excess of Revenue over Expenses	\$ 42,451	\$ -	\$ (14,289)	\$ 25,826	\$ 35,818	\$ (5,034)	\$ 42,321	\$ 488,622	\$ 573,394
	Memo Account Information									-
1101	Capital Outlays Enterprise Fund									-
1102	Required Annual Debt Principal Payments			22,528	22,897	42,864	8,124	96,413	740,118	836,531
1103	Beginning Equity	265,177	-	698,564	263,993	166,896	57,219	1,186,672	15,873,538	17,325,387
1104	Prior Period Adjustments and Equity Transfers			(13,000)	-	(6,000)	8,000	(11,000)	11,000	-
1105	Changes in Compensated Absences Liability									-
1106	Changes in Contingent Liability Balance									-
1107	Changes in Unrecognized Pension Transition Liability									-
1108	Changes in Special Term/Severance Benefits Liability									-
1109	Changes in Allowance for Doubtful Accounts - Dwelling Rents									-
1110	Changes in Allowance for Doubtful Accounts - Other									-
1112	Depreciation Add Back									-
1115	Contingency Reserve, ACC Program Reserve									-
1117	Administrative Fee Equity	302,934								302,934
1118	Housing Assistance Payments Equity	4,694								4,694
1119	Unit Months Available	16,281		264	324	516	120	1,224	4,176	21,681
1121	Number of Unit Months Leased	16,486		263	320	507	111	1,201	4,074	21,761

HOUSING AUTHORITY OF YAMHILL COUNTY
 COMBINING FINANCIAL STATEMENTS AS PRESCRIBED BY REAC
 FOR YEAR ENDING JUNE 30, 2017

LINE ITEM #	ACCOUNT DESCRIPTION	101 Tice Park	121 Woodside	275 GRTHA Vouch.	301 Haworth	308 Heritage Place	313 Abbey Heights	401-416,716 Local Fund	601 Rehab Admin	602-603 Resource Ctr	703 Bridges	705 Sunnyside	706 Hendricks Place	707 Homeport	708 New Reflections	Total Other Business Activities
	Current Assets															
111	Cash - Unrestricted	\$ 100	\$ 100	\$ -	\$ 100	\$ 200	\$ 100	\$ (84,795)	\$ -	\$ -	\$ -	\$ 42,944	\$ 54,161	\$ 207,443	\$ -	\$ 220,353
112	Cash - Restricted - Modernization and Development															
113	Cash - Other Restricted			36,772												36,772
114	Cash - Tenant Security Deposits	76,313	59,390		17,591	38,135	20,223	1,998			525	6,310	3,850	4,690		229,025
115	Cash - Restricted for Payment of Current Liabilities															
100	Total Cash	76,413	59,490	36,772	17,691	38,335	20,323	(82,797)			525	49,254	58,011	212,133		486,150
121	Accounts Receivable - PHA Projects															
122	Accounts Receivable - HUD Other Projects															
124	Accounts Receivable - Other Government															
125	Accounts Receivable - Miscellaneous			17,792				170,870								188,662
126	Accounts Receivable - Tenants	1,464	43,621		11,820	17,432	3,654	7,460			716	3,824	1,703	4,088	2,900	98,682
126.1	Allowance for Doubtful Accounts - Tenants															
126.2	Allowance for Doubtful Accounts - Other															
127	Notes and Mortgages Receivable - Current															
128	Fraud Recovery															
128.1	Allowance for Doubtful Accounts - Fraud															
129	Accrued Interest Receivable															
120	Total Receivables, net of allow for doubtful accts	1,464	43,621	17,792	11,820	17,432	3,654	178,330			716	3,824	1,703	4,088	2,900	287,344
131	Investments - Unrestricted	117,566	117,603			144,317					34,818				5,361	419,665
132	Investments Restricted				40,812		153,792	3,639,470				102,843	34,250	37,083		4,008,250
135	Current Liabilities															
142	Prepaid Expenses and Other Assets							49,647								49,647
143	Inventories															
143.1	Allowance for Obsolete Inventories															
144	Interprogram Due From							1,751,674								1,751,674
145	Assets Held for Sale															
146	Amounts to be Provided															
150	Total Current Assets	195,443	220,714	54,564	70,323	200,084	177,769	5,536,324			36,059	155,921	93,964	253,304	8,261	7,002,730
	Noncurrent Assets															
	Fixed Assets															
161	Land	308,841	195,750		200,000	886,180	554,718	1,079,828			25,193	185,250	100,000	41,162	136,031	3,712,953
162	Buildings	4,086,541	4,113,294		1,726,502	2,344,355	2,776,479	4,338,444			210,737	1,188,359	879,156	739,507	622,815	23,026,189
163	Furniture, Equipment & Machinery - Dwellings	44,298	49,389					6,150						11,126		110,963
164	Furniture, Equipment & Machinery - Administration	20,943	45,385				112,264	614,961				14,420				807,973
165	Leasehold Improvements															
166	Accumulated Depreciation	(2,470,343)	(2,353,908)		(760,988)	(667,853)	(2,114,797)	(1,737,330)			(139,867)	(385,864)	(253,751)	(400,475)	(156,333)	(11,441,509)
167	Construction In Progress							86,757			2,301					89,058
168	Infrastructure															
160	Total Fixed Assets, Net of Accum Depreciation	1,990,280	2,049,910		1,165,514	2,562,682	1,328,664	4,388,810			98,364	1,002,165	725,405	391,320	602,513	16,305,627
171	Notes and Mortgages Receivable - Non-Current							4,325,927								4,325,927
172	Notes and Mortgages Receivable - Non - Current - Past Due															
173	Grants Receivable - Non Current															
174	Other Assets							860,886								860,886
176	Investments in Joint Ventures							89,193								89,193
180	Total Non-Current Assets	1,990,280	2,049,910		1,165,514	2,562,682	1,328,664	9,664,816			98,364	1,002,165	725,405	391,320	602,513	21,581,633
190	Total Assets	\$ 2,185,723	\$ 2,270,624	\$ 54,564	\$ 1,235,837	\$ 2,762,766	\$ 1,506,433	\$ 15,201,140	\$ -	\$ -	\$ 134,423	\$ 1,158,086	\$ 819,369	\$ 644,624	\$ 610,774	\$ 28,584,363

HOUSING AUTHORITY OF YAMHILL COUNTY
 COMBINING FINANCIAL STATEMENTS AS PRESCRIBED BY REAC
 FOR YEAR ENDING JUNE 30, 2017

LINE ITEM #	ACCOUNT DESCRIPTION	101 Tice Park	121 Woodside	275 GRTHA Vouch.	301 Haworth	308 Heritage Place	313 Abbey Heights	401-416,716 Local Fund	601 Rehab Admin	602-603 Resource Ctr	703 Bridges	705 Sunnyside	706 Hendricks Place	707 Homeport	708 New Reflections	Total Other Business Activities
	Liabilities:															
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	7,967	11,563	(666)	3,588	3,594	8,232	37,339	-	235	663	1,221	1,022	1,496	245	76,499
313	Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-	65,014	-	-	-	-	-	-	-	65,014
322	Accrued Compensated Absences	-	-	-	-	-	-	140,372	-	-	-	-	-	-	-	140,372
324	Accrued Contingency Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued interest payable	3,150	8,305	-	2,153	5,530	1,890	6,619	-	-	-	1,964	984	72	1,036	31,703
331	Accounts Payable - HUD PHA Programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	76,313	59,390	-	17,591	38,135	20,223	2,000	-	-	525	6,310	3,850	4,690	-	229,027
342	Unearned Revenue	2,768	5,562	-	1,545	13,683	99	6,710	-	-	605	3,095	1,775	840	2,900	39,582
343	Current Portion of Long-term Debt - Capital Projects	190,703	210,256	-	32,923	140,004	37,530	108,778	-	-	-	19,865	4,569	6,704	6,083	757,415
344	Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	-	-	14,621	-	-	-	-	-	-	-	14,621
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347	Interprogram Due To	-	-	-	80,886	-	-	1,647,890	-	-	-	-	-	-	13,851	1,742,627
348	Loan Liability - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	280,901	295,076	(666)	138,686	200,946	67,974	2,029,343	-	235	1,793	32,455	12,200	13,802	24,115	3,096,860
	Noncurrent Liabilities:															
351	Long-term Debt, Net of Current - Capital Projects	889,133	2,637,223	-	505,286	1,756,058	508,919	1,775,440	-	-	-	503,861	257,762	62,373	181,516	9,077,571
352	Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
353	Noncurrent Liabilities - Other	-	-	36,772	-	-	-	-	-	-	-	-	-	-	-	36,772
354	Accrued Compensated Absences - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
355	Loan Liability - Non Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
350	Total Noncurrent Liabilities	889,133	2,637,223	36,772	505,286	1,756,058	508,919	1,775,440	-	-	-	503,861	257,762	62,373	181,516	9,114,343
300	Total Liabilities	\$ 1,170,034	\$ 2,932,299	\$ 36,106	\$ 643,972	\$ 1,957,004	\$ 576,893	\$ 3,804,783	\$ -	\$ 235	\$ 1,793	\$ 536,316	\$ 269,962	\$ 76,175	\$ 205,631	\$ 12,211,203
	Equity:															
501	Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
	Contributed Capital:															
502	Project Notes (HUD)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
503	Long-term Debt - HUD Guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
504	Net HUD PHA Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
505	Other HUD Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
507	Other Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
508	Total Contributed Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
508.4	Net Investment in Capital Assets	910,444	(797,569)	-	627,305	666,620	782,215	2,504,592	-	-	98,364	478,439	463,074	322,243	414,914	6,470,641
	Reserved Fund Balance:															
509	Fund Balance Reserved for Operating Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
510	Fund Balance Reserved for Capital Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
511.4	Restricted Net Position	-	-	36,772	40,812	-	153,792	3,639,468	-	-	-	102,843	34,250	37,083	-	4,045,020
512	Undesignated Fund Balance/Retained Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
512.4	Unrestricted Net Position	105,245	135,894	(18,314)	(76,252)	139,142	(6,467)	5,252,297	-	(235)	34,266	40,488	52,083	209,123	(9,771)	5,857,499
513	Total Equity/Net Position	1,015,689	(661,675)	18,458	591,865	805,762	929,540	11,396,357	-	(235)	132,630	621,770	549,407	568,449	405,143	16,373,160
600	Total Liabilities and Equity/Net Position	\$ 2,185,723	\$ 2,270,624	\$ 54,564	\$ 1,235,837	\$ 2,762,766	\$ 1,506,433	\$ 15,201,140	\$ -	\$ -	\$ 134,423	\$ 1,158,086	\$ 819,369	\$ 644,624	\$ 610,774	\$ 28,584,363

HOUSING AUTHORITY OF YAMHILL COUNTY
 COMBINING FINANCIAL STATEMENTS AS PRESCRIBED BY REAC
 FOR YEAR ENDING JUNE 30, 2017

LINE ITEM #	ACCOUNT DESCRIPTION	101 Tice Park	121 Woodside	275 GRTHA Vouch.	301 Haworth	308 Heritage Place	313 Abbey Heights	401-416,716 Local Fund	601 Rehab Admin	602-603 Resource Ctr	703 Bridges	705 Sunnyside	706 Hendricks Place	707 Homeport	708 New Reflections	Total Other Business Activities
	Revenue:															
703	Net Tenant Rental Revenue	\$ 820,258	\$ 726,264	\$ -	\$ 229,529	\$ 527,541	\$ 269,682	\$ 125,604	\$ -	\$ -	\$ 31,543	\$ 107,088	\$ 60,799	\$ 80,426	\$ 34,800	\$ 3,013,534
704	Tenant Revenue - Other	12,856	15,608	-	4,483	3,157	5,540	16,534	-	-	-	851	1,306	993	-	61,328
705	Total Tenant Revenue	833,114	741,872	-	234,012	530,698	275,222	142,138	-	-	31,543	107,939	62,105	81,419	34,800	3,074,862
706	HUD PHA Grants															-
706.1	HUD Capital Grants															-
707	Management Fee															-
708	Other Government Grants	-	-	156,863	-	-	-	-	-	149,274	-	-	-	-	-	306,137
711	Investment Income - Unrestricted	538	560	-	-	673	71	36,099	-	-	-	-	-	-	-	37,941
712	Mortgage Interest Income															-
713	Proceeds from Disposition of Assets Held for Sale															-
713.1	Cost of Sale of Assets															-
714.1	Fraud Recovery - HAP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
714.2	Fraud Recovery - Admin Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
715	Other Revenue	-	25	1,375	-	26,665	-	640,953	101,500	175	-	3,246	-	11,466	-	785,405
716	Gain/Loss on Sale of Fixed Assets	-	-	-	-	-	-	(43,330)	-	-	-	-	-	-	-	(43,330)
720	Investment Income - Restricted	-	-	-	175	-	38	160,613	-	-	7	252	59	17	1	161,162
700	Total Revenue	\$ 833,652	\$ 742,457	\$ 158,238	\$ 234,187	\$ 558,036	\$ 275,331	\$ 936,473	\$ 101,500	\$ 149,449	\$ 31,550	\$ 111,437	\$ 62,164	\$ 92,902	\$ 34,801	\$ 4,322,177
	Expenses															
	Administrative:															
911	Administrative Salaries	\$ 41,640	\$ 28,175	\$ 10,406	\$ 14,097	\$ 17,680	\$ 22,146	\$ 309,559	\$ 56,330	\$ 79,432	\$ 0	\$ 9,805	\$ 0	\$ 0	\$ 129	\$ 589,399
912	Auditing Fees	1,670	1,590	-	730	980	620	780	-	-	40	1,106	40	220	20	7,796
913	Management Fees	81,717	69,018	-	21,318	52,003	25,605	-	-	-	2,946	8,430	4,694	3,000	1,392	270,123
913.1	Bookkeeping Fees															-
914	Advertising & Marketing	-	-	-	329	508	-	-	240	240	-	-	-	-	-	1,317
	Employee Benefit Contributions -															
915	Administrative	20,735	13,346	5,177	6,836	8,077	10,951	196,172	27,948	38,583	-	2,867	-	-	65	330,757
916	Office Expenses	8,895	8,146	-	3,560	10,239	4,475	128,196	1,939	3,989	176	1,863	1,726	913	708	174,825
917	Legal Expenses	-	-	-	2,843	160	-	2,658	-	-	-	-	63	-	-	5,724
918	Travel	941	1,007	-	410	397	410	1,012	-	1,368	358	376	361	375	3	7,018
918.1	Allocated Overhead															-
919	Other Operating - Administrative	1,585	220	-	695	301	700	24,819	-	9,017	19	34	34	56	4	37,484
	Tenant Services:															
921	Tenant Services - Salaries															-
922	Relocation Costs															-
	Employee Benefit Contributions - Tenant															
923	Services															-
924	Tenant Services - Other	125	87	-	398	269	19	-	-	-	-	-	-	-	-	898
	Utilities:															
931	Water	25,770	17,401	-	2,698	16,349	33,362	1,285	-	-	1,247	4,162	1,099	2,415	595	106,383
932	Electricity	2,490	7,226	-	2,998	3,621	2,844	11,950	-	-	3,164	1,065	2,957	1,037	2,092	41,444
933	Gas	-	-	-	-	-	378	966	-	-	-	-	-	-	-	1,344
934	Fuel															-
935	Labor															-
936	Sewer	62,773	61,618	-	14,673	36,200	22,804	711	-	-	2,657	7,110	1,018	4,526	1,062	215,152
937	Employee Benefit Contributions - Utilities															-
938	Other Utilities Expense	15,364	13,046	-	12,382	9,866	14,090	2,177	-	-	595	2,645	1,323	2,351	833	74,672
	Ordinary Maintenance & Operation:															
941	Ordinary Maintenance and Operations - Labor	37,993	27,307	-	14,542	24,927	16,746	14,290	-	-	2,634	6,072	2,747	6,413	2,870	156,541
	Ordinary Maintenance and Operations -															
942	Materials and Other	65,435	56,449	-	18,447	29,383	16,272	7,933	222	216	1,069	4,057	4,244	7,334	1,155	212,216
	Ordinary Maintenance and Operations -															
943	Contract Costs	45,439	59,402	-	31,970	35,025	23,907	15,969	-	-	3,010	8,834	4,666	7,376	1,953	237,551
	Employee Benefit Contributions - Ordinary															
945	Maintenance	14,932	14,039	-	7,527	8,456	8,187	4,766	-	-	1,313	2,884	1,348	3,230	1,424	68,106
951	Protective Services - Labor															-
952	Protective Services - Other Contract Costs															-
953	Protective Services - Other															-
	Employee Benefit Contributions - Protective															
955	Services															-

HOUSING AUTHORITY OF YAMHILL COUNTY
COMBINING FINANCIAL STATEMENTS AS PRESCRIBED BY REAC
FOR YEAR ENDING JUNE 30, 2017

LINE ITEM #	ACCOUNT DESCRIPTION	101 Tice Park	121 Woodside	275 GRTHA Vouch.	301 Haworth	308 Heritage Place	313 Abbey Heights	401-416,716 Local Fund	601 Rehab Admin	602-603 Resource Ctr	703 Bridges	705 Sunnyside	706 Hendricks Place	707 Homeport	708 New Reflections	Total Other Business Activities
	General Expenses:															
961	Insurance Premiums	9,869	9,407	-	4,280	6,399	3,610	1,605	-	1,750	540	2,022	690	1,332	422	41,926
962	Other General Expenses	(1)	2	-	-	(1)	-	1,813	-	(1)	1	4	-	1	3	1,821
963	Payments in Lieu of Taxes															-
964	Bad Debt - Tenant Rents	6,155	5,788	-	3,015	3,298	291	-	-	-	-	615	-	3,433	-	22,595
965	Bad Debt - Mortgages															-
966	Bad Debt - Other															-
967.1	Interest on Mortgage (or Bonds) Payable	40,767	102,939	-	26,905	68,545	23,368	67,234	-	-	-	27,968	13,715	1,200	12,775	385,416
967.2	Interest on Note Payable (Short & Long Term)															-
967.3	Amortization of Bond/Loan Issue Costs	-	-	-	-	-	-	11,387	-	-	-	-	-	-	-	11,387
968	Severance Expense															-
969	Total Operating Expenses	484,294	496,213	15,583	190,653	332,682	230,785	805,282	86,679	134,594	19,769	91,919	40,725	45,212	27,505	3,001,895
970	Excess Operating Revenue over Operating Expenses	349,358	246,244	142,655	43,534	225,354	44,546	131,191	14,821	14,855	11,781	19,518	21,439	47,690	7,296	1,320,282
	Other Expenses:															
971	Extraordinary Maintenance															-
972	Casualty Losses - Non-Capitalized															-
973	Housing Assistance Payments	-	-	141,354	-	-	-	-	-	-	-	-	-	-	-	141,354
974	Depreciation Expense	109,035	115,657	-	50,686	78,817	90,986	142,362	-	-	5,659	29,719	22,091	24,272	20,844	690,128
975	Fraud Losses															-
976	Capital Outlays - Governmental Funds															-
977	Debt Principal Payment - Governmental Funds															-
978	Dwelling Units Rent Expense															-
900	Total Expenses	\$ 593,329	\$ 611,870	\$ 156,937	\$ 241,339	\$ 411,499	\$ 321,771	\$ 947,644	\$ 86,679	\$ 134,594	\$ 25,428	\$ 121,638	\$ 62,816	\$ 69,484	\$ 48,349	\$ 3,833,377
	Other Financing Sources (Uses)															
1001	Operating Transfers In															-
1002	Operating Transfers Out															-
1003	Operating Transfers from/to Primary Government															-
1004	Operating Transfers from/to Component Unit															-
1005	Proceeds from Notes, Loans and Bonds															-
1006	Proceeds from Property Sales															-
1007	Extraordinary Items (net gain/loss)															-
1008	Special Items (net gain/loss)	-	-	-	-	-	-	(178)	-	-	-	-	-	-	-	(178)
1010	Total Other Financing Sources (Uses)							(178)								(178)
1000	Excess of Revenue over Expenses	\$ 240,323	\$ 130,587	\$ 1,301	\$ (7,152)	\$ 146,537	\$ (46,440)	\$ (11,349)	\$ 14,821	\$ 14,855	\$ 6,122	\$ (10,201)	(652)	\$ 23,418	\$ (13,548)	\$ 488,622
	Memo Account Information															
1101	Capital Outlays Enterprise Fund															-
1102	Required Annual Debt Principal Payments	184,154	203,035		31,360	135,195	36,007	117,227				17,367	3,801	6,449	5,523	740,118
1103	Beginning Equity	925,961	(832,826)	-	599,017	725,632	971,973	11,173,750	-	31,497	132,782	631,971	550,059	545,031	418,691	15,873,538
1104	Prior Period Adjustments and Equity Transfers	(150,595)	40,564	17,157	-	(66,407)	4,007	233,956	(14,821)	(46,587)	(6,274)					11,000
1105	Changes in Compensated Absences Liability															-
1106	Changes in Contingent Liability Balance															-
1107	Changes in Unrecognized Pension Transition Liability															-
1108	Changes in Special Term/Severance Benefits Liability															-
1109	Changes in Allowance for Doubtful Accounts - Dwelling Rents															-
1110	Changes in Allowance for Doubtful Accounts - Other															-
1112	Depreciation Add Back															-
1115	Contingency Reserve, ACC Program Reserve															-
1117	Administrative Fee Equity															-
1118	Housing Assistance Payments Equity															-
1119	Unit Months Available	1,056	1,008		456	720	384				72	180	96	144	60	4,176
1121	Number of Unit Months Leased	1,046	984		434	698	380				68	173	91	140	60	4,074



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
Housing Authority of Yamhill County
McMinnville, Oregon

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of Yamhill County, McMinnville, Oregon, (the Authority) as of and for the year ended June 30, 2017, and have issued our report thereon dated October 30, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294) - exempt based on ORS 294.35 through 294.565.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets (the Authority does not received highway revenues).
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS - (CONTINUED)

In connection with our testing, nothing came to our attention that caused us to believe the Authority was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Authority's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance with certain provisions of laws, regulations, contracts, grants and the results of that testing based on provisions of the Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 to 162-10-330, and not to provide an opinion on the effectiveness of the Authority's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.


Max E. Hunt, Managing Member
Loveridge Hunt & Co., PLLC
OR Municipal License #1410
October 30, 2017



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT 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 Commissioners
Housing Authority of Yamhill County
McMinnville, 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 business-type activities of the Housing Authority of Yamhill County (the Authority) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 30, 2017.

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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority'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.

INDEPENDENT AUDITOR'S REPORT 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 - (CONTINUED)


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Max E. Hunt, Managing Member
Loveridge Hunt & Co., PLLC
Bellevue, Washington
OR Municipal License #1410
October 30, 2017



Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Housing Authority of Yamhill County
McMinnville, Oregon

Report on Compliance for Each Major Federal Program

We have audited Housing Authority of Yamhill County's (the Authority) 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, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE -
(CONTINUED)

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, 2017.

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 our 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE -
(CONTINUED)

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.

Max E. Hunt CPA WA
Max E. Hunt, Managing Member
Loveridge Hunt & Co., PLLC
Bellevue, Washington
OR Municipal License #1410
October 30, 2017

HOUSING AUTHORITY OF YAMHILL COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Award	Federal Expenditures
U.S. Dept. of Housing and Urban Development Direct Programs:			
HUD Housing Counseling Program Grant	14.169	\$ 30,630	\$ 30,630
HUD Indian Housing Block Grants (Grand Ronde Tribal Housing Authority)	14.867	156,863	156,863
Section 8 Housing Choice Vouchers	14.871	10,627,914	10,627,914
Family Self-Sufficiency Program (FSS)	14.896	<u>262,625</u>	<u>262,625</u>
 Total U.S. Dept. of Housing and Urban Development		 <u>\$ 11,078,032</u>	 <u>\$ 11,078,032</u>
U.S. Dept. of Agriculture:			
Rural Rental Housing Loans - Palmer Creek		\$ 317,537	\$ 317,537
Rural Rental Housing Loans - Riverside Terrace		\$ 199,389	\$ 199,389
Rural Rental Housing Loans -Vittoria Square		<u>\$ 2,835,797</u>	<u>\$ 2,835,797</u>
Subtotal	10.415	\$ 3,352,723	\$ 3,352,723
Rural Rental Assistance Payments - Palmer Creek		30,764	30,764
Rural Rental Assistance Payments - Fresa Park		44,551	44,551
Rural Rental Assistance Payments - Riverside Terrace		124,982	124,982
Rural Rental Assistance Payments - Vittoria Square		<u>204,963</u>	<u>204,963</u>
Subtotal	10.427	405,260	405,260
Farm Labor Housing Loans and Grants - Fresa Park	10.405	<u>325,831</u>	<u>325,831</u>
Total U.S. Dept. of Agriculture		<u>\$ 4,083,814</u>	<u>\$ 4,083,814</u>
Total Federal Assistance		<u>\$ 15,161,846</u>	<u>\$ 15,161,846</u>

HOUSING AUTHORITY OF YAMHILL COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Awards Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures are recognized following the cost principles contained in the OMB Circular A-87 and Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program costs. Entire program costs, including the Authority's portion, may be more than shown.

NOTE 4 - SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the fiscal year ending June 30, 2017.

NOTE 5 - DISCLOSURE OF OTHER FORMS OF ASSISTANCE

As of June 30, 2017, the Authority has guaranteed debt in Rural Rental Housing loans in the amount of \$309,412 for Palmer Creek, \$192,217 for Riverside Terrace, and \$2,792,934 for Vittoria Square, and in Farm Labor Housing Loans and Grants for Fresa Park in the amount of \$303,302.

HOUSING AUTHORITY OF YAMHILL COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that
are not considered to be material weaknesses _____ Yes X No

Noncompliance material to financial statements
noted: _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that
are not considered to be material weaknesses _____ Yes X No

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required
to be reported in accordance with the Uniform Guidance? _____ Yes X No

HOUSING AUTHORITY OF YAMHILL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (CONTINUED)

Year Ended June 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS - (CONTINUED)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.405	Farm Labor Housing Loans and Grants
10.415	Rural Rental Housing Loans
10.427	Rural Rental Assistance Payments

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee:

X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were noted.