

**HOUSING AUTHORITY OF JACKSON COUNTY  
Medford, Oregon**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2013**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Financial Statements**  
**Year Ended December 31, 2013**

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**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Financial Statements**  
**Year Ended December 31, 2013**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
2251 Table Rock Road  
Housing Authority of Jackson County (HAJC), Oregon  
Medford, Oregon

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of Jackson County (HAJC), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority of Jackson County, Oregon's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit Canterbury Hills, Freedom Square and Liberty Place, Lilac Meadow Phase II, Maple Terrace, Quail Run, Scenic Heights, and Snowberry Brook, which are presented as discretely presented component units within the HAJC's financial statements. These entities represent 40.41% of the total assets and 9.40% of the operating revenue of the HAJC. These statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the HAJC, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units of the HAJC were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Commissioners  
Housing Authority of Jackson County, Oregon  
Medford, Oregon

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the HAJC as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 17 to the financial statements, in 2013 the HAJC adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the HAJC's basic financial statements. The supplemental information, as listed in the Table of Contents, is presented for the purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.


Board of Commissioners  
Housing Authority of Jackson County, Oregon  
Medford, Oregon

The supplemental information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the supplemental information and the Schedule of Expenditures of Federal Awards information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Audit Standards* and Oregon State Regulations**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2014, on our consideration of the HAJC'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 HAJC's internal control over financial reporting and compliance.

In accordance with Oregon State Regulations, we have also issued our report dated July 30, 2014 on our consideration of the HAJC's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Stewart C. Parmele CPA, Partner  
KDCO Piels CPAs, LLP  
Medford, Oregon  
July 30, 2014

As management of the Housing Authority of Jackson County (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2013.

The Authority's Management's Discussion and Analysis (MD&A) is designed to: (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activities for the period, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent year challenges) and (d) identify individual program issues or concerns.

Since the MD&A is designed to focus on the current period's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's Financial Statements and Notes.

### **Overview of the Housing Authority of Jackson County**

The Authority's purpose is to provide and promote decent, safe and affordable housing for low-income persons residing in Jackson County, Oregon as permitted by law. The Authority's mission is to provide opportunities to people who experience barriers to housing because of income, disability or special needs in an environment which preserves personal dignity, and in a manner which maintains the public trust.

### **Financial Highlights**

- The assets of the Housing Authority exceeded its liabilities by \$31.7 million at year end. During the year, assets increased by approximately \$0.8 million and liabilities decreased by \$0.3 million.
- The Housing Authority realized an increase in net position of \$1.2 million during the year. Net position decreased an additional (\$143,220) due to a change in accounting principle related to the expensing of debt issuance costs, for a total change in net position of \$1.1 million.
- As part of its continuing plan to dispose of its former public housing units, the Housing Authority sold seven houses in 2013. The seven houses were sold for a total price of \$860,000 which resulted in a gain of \$509,512. In all, assets with a total cost of \$550,599 and a total net book value of \$262,230 were disposed of. In return, the Housing Authority received cash proceeds of \$791,024.
- Construction began in 2013 on Cherry Creek Apartments, a 50 unit apartment project located in Medford, Oregon. Operations are expected to begin in 2014. The apartments are owned and will be operated by an Oregon limited liability company made up of Key Community Development Corporation (investor member) and the Housing Authority of Jackson County (managing member) with ownership interests of 99.99% and .01%, respectively. During 2013, the Authority transferred ownership

of capital assets totaling \$2.2 million to the LLC. See Note 13. Cherry Creek Part I LLC is reported as a discretely presented component unit in the accompanying financial statements.

- Construction was completed and operations began in 2013 on Freedom Square and Liberty Place Apartments. The units are owned and operated by Freedom and Liberty Development, LLC, made up of Key Community Development Corporation (investor member) and the Housing Authority of Jackson County (managing member) with ownership interests of 99.99% and .01%, respectively. See Note 13. Freedom and Liberty Development LLC is reported as a discretely presented component unit in the accompanying financial statements

### **Overview of the Financial Statements**

The Authority's Financial Statements consist of two parts – Management's Discussion and Analysis (this section) and the Financial Statements. The Financial Statements include the government-wide Financial Statements and Notes to the Financial Statements. The Authority is a stand alone governmental entity engaged only in business type activities. The Authority's activities include various programs funded by the Department of Housing and Urban Development (HUD) and projects funded by the U.S. Department of Agriculture Rural Development (RD). The Housing Authority also maintains other community development programs which consist of low-income housing and related activities. In addition, two low-income housing projects that are considered to be blended component units of the Housing Authority are also included in this financial report. Separately issued financial statements for the two low-income housing projects considered to be blended component units are not available at the offices of the Housing Authority.

The Housing Authority's financial statements provide detailed information about all of its programs. Some programs are required to be established by HUD and RD. The Housing Authority establishes other programs to help it control and manage resources for particular purposes or to show that it is meeting legal responsibilities for using grants and other resources. The Housing Authority uses the full accrual method of accounting in which all assets and all liabilities associated with the operation of these programs are included on the Statement of Net Position. The focus is on income measurement and maintenance of equity.

The Financial Statements include a Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows. The Financial Statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies.

The Statement of Net Position, which is similar to a balance sheet, reports all financial and capital assets of the Authority and is presented in a format where assets minus liabilities equals net position. Net position is broken into the following three categories:



- **Net investment in capital assets** consists of all capital assets, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- **Restricted net position** consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, or regulations.
- **Unrestricted net position** consists of net assets that do not meet the definition of net investment in capital assets, net of related debt, or restricted net assets.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position regardless of when cash is received or paid.

Statement of Cash Flows discloses net cash provided by or used in operating activities, noncapital financing activities, capital and related financing activities, and investment activities.

The Notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the Financial Statements.

The Financial Statements also include nine legally separate tax credit partnerships and limited liability companies and one not-for-profit organization (Discretely Presented Component Units) for which the Authority are financially accountable. Their financial information is reported in total in a separate column.

### **Financial Analysis of the Authority**

The following statements are condensed versions of our financial statements, for the purpose of analysis and discussion. See the full Financial Statements for more detail.

**Condensed Statement of Net Position**

	Primary Government		Discretely Presented Component Units	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Current and Other Assets	\$ 17,884,735	\$ 15,042,217	\$ 3,285,192	\$ 3,023,179
Capital Assets	34,184,353	36,264,642	59,696,367	46,888,386
Total Assets	<u>\$ 52,069,088</u>	<u>\$ 51,306,859</u>	<u>\$ 62,981,559</u>	<u>49,911,565</u>
Other Liabilities	\$ 2,336,312	\$ 1,486,314	\$ 2,192,553	\$ 1,548,408
Long-term Liabilities	18,032,969	19,203,873	29,068,747	21,134,154
Total Liabilities	<u>20,369,281</u>	<u>20,690,187</u>	<u>31,261,300</u>	<u>22,682,562</u>
Net investment in capital assets	14,750,270	16,770,170	30,493,524	26,225,094
Restricted	4,974,937	4,149,023	1,494,782	1,550,131
Unrestricted	11,974,600	9,697,479	(268,047)	(546,222)
Total Net Position	<u>31,699,807</u>	<u>30,616,672</u>	<u>31,720,259</u>	<u>27,229,003</u>
Total Liabilities and Net Position	<u>\$ 52,069,088</u>	<u>\$ 51,306,859</u>	<u>\$ 62,981,559</u>	<u>\$ 49,911,565</u>

**Major Factors Affecting the Statement of Net Position**

The Primary Government's Debt to Asset ratio improved slightly in 2013 to 39.1% from 40.3% in 2012. The Discretely Presented Component Unit's ratio went from 45.4% in December 2012 to 49.6% in December 2013, mainly due to the addition of the Freedom and Liberty and Cherry Creek projects. These projects added debt of \$10.5 million and assets of \$17.5 million which is a debt to asset ratio of 60%.

The current and other assets of the primary government of the Authority increased by \$2.7 million or 18%. This increase is from a \$1.5 million increase in cash and restricted reserve accounts which increased due to proceeds from the sale of the seven single-family houses and reimbursement of pre-development costs for the Cherry Creek project. Additionally, the amounts due from discretely presented component units increased related to the developer fees and other receivables due from the Cherry Creek and Freedom and Liberty projects.

The capital assets of the primary government decreased by over \$2 million or 6% due to the transfer of assets to the Cherry Creek Apartments. The capital assets of the discretely presented component units increased by \$12.9 million or 27% with the addition of the Cherry Creek and Freedom and Liberty projects. These projects represent \$14.9 million of the increase while the offsetting decrease is a result of normal depreciation of assets.

The primary government's total assets at December 31, 2013 were \$52.1 million, an increase of \$0.8 million. Discretely presented component unit's total assets were \$63.0 million, an increase of \$13.1 million.

Other liabilities for the primary government increased over \$850,000. This resulted from reclassifying \$490,000 of the Finley Square loan from long-term to current as required by a refinancing of the debt that was completed in 2014 (See Note 10). Further, a \$400,000 loan used to acquire property in 2011 is due in 2014, and was reclassified from long-term liabilities.

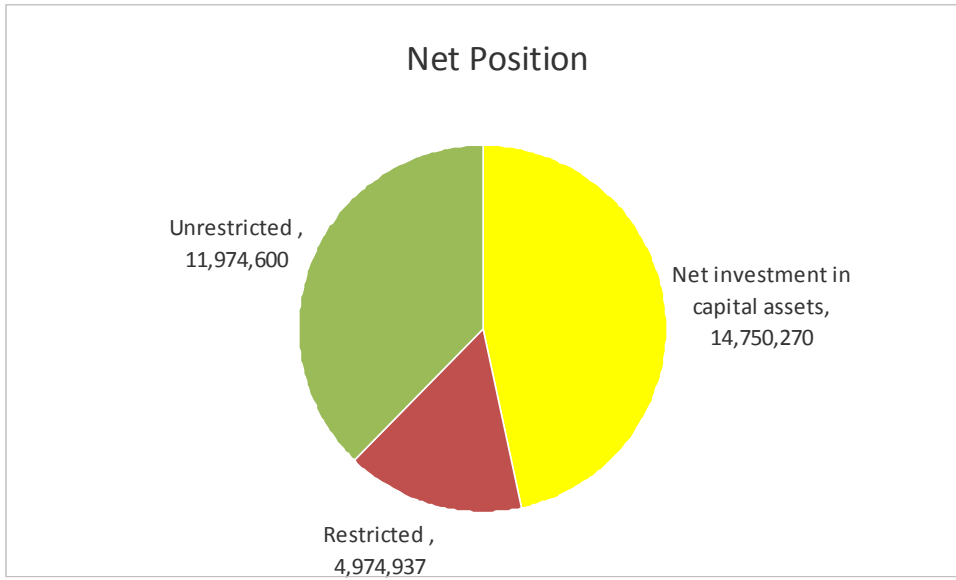
Other liabilities of the discretely presented component units increased by over \$640,000 or 42%. This resulted from developer fees payable to the Authority being schedule for repayment from investor contributions during 2014.

Long term liabilities of the primary government decreased due to the reclassification of \$1.1 million of long-term liabilities to current resulting from normal scheduled debt payments. The \$7.9 million increase in the discretely presented component unit debt is related to financing the Cherry Creek and Freedom and Liberty projects.

Restricted net position of the primary government and discretely presented component units represents funds set aside to pay for debt service, funds set aside for construction, replacement reserves, and operating expenses as required in bond covenants, contracts, or HUD regulations.

The unrestricted net position generally represents excess cash available, deferred developer fees, other receivables to be collected and other net amounts not classified as net investment in capital assets or restricted. The following chart illustrates the net position of the primary government:

		<u>Primary Government</u>
Net Investment in Capital Assets	46.5%	\$14,750,270
Restricted	15.7%	4,974,937
Unrestricted	37.8%	<u>11,974,600</u>
	<u>100%</u>	<u>\$31,699,807</u>



**Condensed Statement of Revenue, Expense, and Changes in Net Position**

	Primary Government		Discretely Presented Component Units	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
<b>Revenues</b>				
Operating revenues				
Tenant receipts	\$ 4,863,309	\$ 4,615,322	\$ 2,404,539	\$ 2,346,459
Other operating revenues	2,728,148	1,500,160	24,145	93,119
HUD and RD operating subsidies	12,152,125	10,886,540	802,809	637,880
Non-operating revenues				
Investment income	116,021	154,639	1,198	1,348
Gain/(loss) on sale of assets	336,344	260,887	-	-
Donation income	45,647	-	-	-
HUD PHA capital grants	-	748,599	-	-
<b>Total revenues</b>	<u>20,241,594</u>	<u>18,166,147</u>	<u>3,232,691</u>	<u>3,078,806</u>
<b>Expenses</b>				
Operating expenses				
Other operating	6,400,792	6,112,333	1,987,916	1,765,215
Housing assistance payments	10,419,065	10,593,544	-	-
Depreciation	1,202,016	1,166,107	2,056,200	1,976,331
Non-operating expenses				
Other non-operating expenses	8,632	-	-	-
Interest expense and fiscal charges	984,734	1,139,208	815,072	781,857
Grant expense	-	151,952	-	-
Donation expense	-	-	45,647	-
<b>Total expenses</b>	<u>19,015,239</u>	<u>19,163,144</u>	<u>4,904,835</u>	<u>4,523,403</u>
Change in net position	1,226,355	(996,997)	(1,672,144)	(1,444,597)
Gain on forgiveness of debt	-	277,887	-	-
Capital Contributions	-	-	6,163,400	6,062,250
Transfers	-	280,535	-	(280,535)
Net position - beginning, as restated	30,616,672	31,055,247	27,229,003	22,891,885
Change in accounting principle	(143,220)	-	-	-
Net position - ending	<u>\$ 31,699,807</u>	<u>\$ 30,616,672</u>	<u>\$ 31,720,259</u>	<u>\$ 27,229,003</u>

**Results of Operations – Primary Government**

Operating revenues of the Primary Government are generated from rents, federal subsidies and other income. For the year ending December 31, 2013, the Primary Government’s total operating revenues were \$19.7 million compared to \$17 million for 2012.

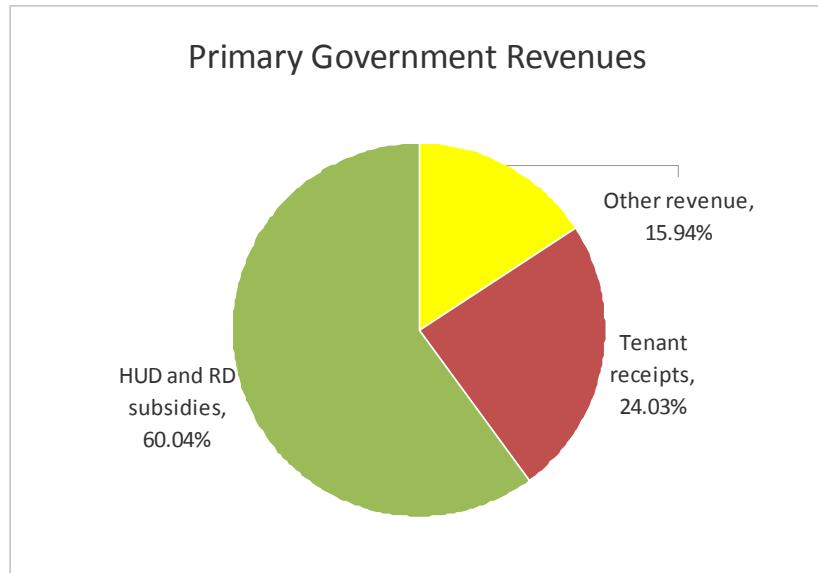
Total revenues increased by 11.5%, while expenses decreased by .7% from the previous year. HUD and RD operating subsidy revenue increased by \$1.3 million or 11% from increased funding by HUD for the Section 8 Voucher program. Other operating revenues increased by over \$1.2 million due to the recognition of Cherry Creek and Freedom and Liberty developer fees.

The increase in operating revenues offset a decrease in non-operating revenues due to the fact that no capital grants were received in 2013.

Operating expenses increased \$150,000 as other operating expenses increased \$288,000 due mainly to an increase in maintenance expenses. Maintenance expenses accounted for 59% of the increase due to increased activity and additional staff. This offset a decrease in housing assistance payments of \$174,000. This was the result of a \$9 reduction in the average HAP payment from 2012 to 2013 due to a change in occupancy standards for the programs involved and an increase in the number of lower paying vouchers. This was part of cost saving measures enacted during the year. Non-operating expenses decreased \$298,000 as interest expense declined \$154,000 due to the refinancing of two bond issues in 2012 that provided more favorable interest rates. There was also additional interest costs associated with the refinancings that were one-time costs in 2012. Grant expense in 2012 was a one-time cost for the return of unused grant funds to the grantor.

The following graph illustrates the revenue percentage of the Primary Government:

		<u>Primary Government</u>
Tenant receipts	24.03%	\$4,863,309
Other operating/non-operating revenue	15.94%	3,226,160
HUD and RD operating subsidies	<u>60.04%</u>	<u>12,152,125</u>
	<u>100%</u>	<u>\$20,241,594</u>



**Results of Operations – Discretely Presented Component Units**

Operating revenues of the Discretely Presented Component Units are generated from rents, federal subsidies and other income. For the year ending December 31, 2013, the Discretely Presented Component Units total operating revenues were \$3.2 million, up 5% from 2012. This was due to rents from Freedom and Liberty which opened in 2013 and an increase in grant income for Affordable Housing Solutions.

Total expenses increased by \$381,000 or 8.4% from the previous year. Operating expenses, including depreciation, increased \$302,000 due to the addition of the Freedom and Liberty project and greater grant activity in the Affordable Housing Solutions program. Non-operating expenses increased \$79,000 in 2013. Interest expense increased due to the addition of the Freedom and Liberty project and donation expense was a one-time cost for the Freedom and Liberty project.

**Capital Assets and Debt Administration**

**Major Capital Asset Transactions**

	Primary Government		Discretely Presented Component Units	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Capital assets not depreciated	\$ 7,665,980	\$ 8,774,062	\$13,451,893	\$ 6,499,867
Buildings, improvements and equipment (net)	26,518,373	27,490,580	46,244,474	40,388,519
Total Capital Assets (net)	<u>\$34,184,353</u>	<u>\$36,264,642</u>	<u>\$59,696,367</u>	<u>\$46,888,386</u>

Capital assets not depreciated consist of land and construction in process, including development costs. The Primary Government’s decrease was due to the transfer of \$2.2 million in land and development costs to Cherry Creek Part I, LLC, and the sale of the seven single-family houses. These dispositions offset the addition of two development properties.

Building improvements and equipment (net) decreased due to the sale of the seven single family houses and normal depreciation expense of \$1.2 million for the year. These decreases offset improvements on other properties added during the year.

Capital assets for discretely presented component units increased due to the addition of the Cherry Creek (\$8.4 million in land and construction in process) and Freedom and Liberty projects (\$6.4 million in buildings, improvements and equipment). These increases were offset by depreciation expense of \$2.1 million for the year.

Additional information regarding the Authority’s capital assets can be found in Note 6 of the Notes to the Financial Statements.

**Major Long-Term Debt Transactions**

	<b>Outstanding Debt</b>			
	Primary Government		Discretely Presented Component Units	
	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2012</u>
Bonds Payable	\$ 7,189,692	\$ 7,544,481	\$ 4,964,659	\$ 5,067,102
Notes Payable	12,244,391	12,093,216	\$18,138,273	\$10,890,726
	<u>\$19,434,083</u>	<u>\$19,637,697</u>	<u>\$23,102,932</u>	<u>\$15,957,828</u>

The Primary Government’s total outstanding debt decreased by approximately \$200,000 during 2013. This was due to regularly scheduled debt payments. These payments offset the addition of new debt of \$280,000 and the refinancing of the Willow Glen Apartments loan which matured in 2013.

Discretely Presented Component Unit total outstanding debt increased by \$7.1 million. This resulted from the financing of the Cherry Creek (\$5.1 million) and Freedom and Liberty (\$2.3 million) properties.

Additional information regarding the Authority’s debt can be found in Notes 9 and 10 of the Notes to the Financial Statements.

**Economic Factors and Future Events**

On April 29, 2013, the Authority created a limited liability company, Parkview Terrace Development LLC, of which it is the only member. The sole purpose of the LLC is to purchase and hold property located in Grants Pass, Oregon for future development. The property was purchased on July 24, 2013 for \$564,548. A loan in the name of the LLC was obtained from a financial institution on July 18, 2013 for \$280,000 and applied towards the purchase price. The remainder of the purchase price was paid in cash by the Authority. The loan has an interest rate of 4.5% and is set to mature on February 18, 2015. Monthly interest only payments began in August 2013 and will continue up to maturity. A funding reservation from the state of Oregon who administers the tax credit program was obtained during the year and financing with investors and lenders was arranged for development of the project. Construction was planned to begin early in 2014. Land use approvals for the project were overturned by the Grant Pass City Council in February 2014 which effectively stopped the project. A notice of intent was filed by the Authority with the Oregon Land Use Board of Appeals (LUBA) in March 2014. A hearing with LUBA was held on June 26, 2014. A decision could be rendered by LUBA as early as July 2014. At December 31, 2013, the Authority had incurred \$101,861 in development costs and had paid \$5,145 in interest holding costs.

Federal Programs – Despite sequestration and the lack of congressional action to deal with the country’s debt and financial issues, funding for critical Federal programs was adequate in 2013.



Funding for Section 8 voucher assistance increased 17.7% while Section 8 administrative fee funding declined 5.5%. We do not expect any adverse affect from any federal action in 2014. The Section 8 program has adequate reserves to cover potential reductions in funding for the near term.

Economic Recovery – Unemployment rates improved in Jackson County during 2013 signaling a possible end to the recession. However, the rate is still above the state and federal averages and well above the rate prior to the recession.

Rental Market – Occupancy rates remained strong during 2013 and are holding steady in 2014. Economic factors and high demand for rental units due to a lack of development of multifamily properties in the local area should continue to influence favorable occupancy rates for the foreseeable future.

### **Contacting the Housing Authority's Financial Management**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information should be addressed to the Executive Director of the Housing Authority of Jackson County. The Authority's offices are located at 2251 Table Rock Road, Medford, OR 97501. The telephone number is (541) 779-5785. The Authority's website can be found at [www.hajc.net](http://www.hajc.net).

**HOUSING AUTHORITY OF JACKSON COUNTY**

**Statement of Net Position**

**December 31, 2013**

	Primary Government	Discretely Presented Component Units
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash in checking and savings	\$ 4,455,318	\$ 385,723
Cash in security deposits	398,555	203,384
Tenant accounts receivable (net of allowance)	84,893	33,454
Grants receivable-operating	14,510	39,131
Other miscellaneous receivables	316,817	-
Other miscellaneous receivables due from component unit	63,534	-
Developer fees due from component units	975,600	-
Prepaid expenses	71,870	49,914
Inventory	26,182	-
<b>Total Current Assets</b>	<b>6,407,279</b>	<b>711,606</b>
<b>Restricted Assets:</b>		
Reserve accounts	4,021,197	1,494,782
FSS escrow deposits	90,572	-
Investments	961,423	-
<b>Total Restricted Assets</b>	<b>5,073,192</b>	<b>1,494,782</b>
<b>Capital Assets:</b>		
Land	7,303,466	6,091,621
Buildings and improvements	42,701,764	55,185,114
Equipment	920,351	695,077
Construction in process	362,514	7,360,272
<b>Total Capital Assets</b>	<b>51,288,095</b>	<b>69,332,084</b>
Less: accumulated depreciation	(17,103,742)	(9,635,717)
<b>Net Capital Assets</b>	<b>34,184,353</b>	<b>59,696,367</b>
<b>Other Assets:</b>		
Loans receivable due from component units	4,862,140	-
Interest receivable due from component units	613,540	-
Developer fees due from component units	529,322	-
Partnership fees receivable due from component units	256,138	-
Financing costs - net of accumulated amortization	-	1,078,804
Investment in limited partnerships	143,124	-
<b>Total Other Assets</b>	<b>6,404,264</b>	<b>1,078,804</b>
<b>Total Assets</b>	<b>\$ 52,069,088</b>	<b>\$ 62,981,559</b>

**HOUSING AUTHORITY OF JACKSON COUNTY****Statement of Net Position****December 31, 2013**

	Primary Government	Discretely Presented Component Units
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Tenants security deposits	\$ 398,555	\$ 203,384
Unearned revenue	140,469	-
Other payables	118,093	640,749
Operating and development advances payable to primary government	-	63,534
Developer fees payable to primary government	-	975,600
Accrued compensated absences, current	187,509	13,961
Current portion of long-term debt - mortgage payable	1,125,228	187,172
Current portion of long-term debt - bonds payable - net	366,458	108,153
<b>Total Current Liabilities</b>	<b>2,336,312</b>	<b>2,192,553</b>
<b>Long-Term Liabilities:</b>		
FSS tenant escrow deposits	90,572	-
Mortgage payable, less current portion	11,119,163	17,951,101
Long-term liabilities payable to primary government	-	6,261,140
Bonds payable, less current portion	6,823,234	4,856,506
<b>Total Long-Term Liabilities</b>	<b>18,032,969</b>	<b>29,068,747</b>
<b>Total Liabilities</b>	<b>20,369,281</b>	<b>31,261,300</b>
<b>NET POSITION:</b>		
Net investment in capital assets	14,750,270	30,493,524
Restricted	4,974,937	1,494,782
Unrestricted	11,974,600	(268,047)
<b>Total Net Position</b>	<b>31,699,807</b>	<b>31,720,259</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 52,069,088</b>	<b>\$ 62,981,559</b>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2013**

	Primary Government	Discretely Presented Component Units
<b>OPERATING REVENUES:</b>		
Dwelling rental	\$ 4,673,403	\$ 2,346,658
Other tenant charges	189,906	57,881
HUD PHA and RD operating grants	12,152,125	802,809
Other government operating grants	78,887	-
Fraud recovery	6,022	-
Other income	338,934	24,145
Management and administration fees	2,304,305	-
<b>Total Operating Revenues</b>	<b>19,743,582</b>	<b>3,231,493</b>
<b>OPERATING EXPENSES:</b>		
Administrative expense	2,402,856	447,291
Tenant services	184,419	142,612
Property development and management	1,340,621	176,687
Utilities	535,949	250,289
Maintenance expense	1,743,342	570,464
General expense	193,604	56,971
HAP expenditures	10,419,065	-
Grant expense	-	293,155
Amortization expense	-	50,447
Depreciation expense	1,202,016	2,056,200
<b>Total Operating Expenses</b>	<b>18,021,873</b>	<b>4,044,116</b>
<b>Net Operating Income (Loss)</b>	<b>1,721,709</b>	<b>(812,623)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest income	116,021	1,198
Interest expense and fiscal charges	(984,734)	(815,072)
Gain (loss) on sale of assets	336,344	-
Other non-operating expense	(8,632)	-
Donation income	45,647	-
Donation expense	-	(45,647)
<b>Total Non-operating Revenues (Expenses):</b>	<b>(495,354)</b>	<b>(859,521)</b>
<b>Income (Loss) Before Contributions</b>	<b>1,226,355</b>	<b>(1,672,144)</b>
Capital Contributions	-	6,163,400
<b>Change in Net Position</b>	<b>1,226,355</b>	<b>4,491,256</b>
<b>Net Position - beginning, as restated</b>	<b>30,616,672</b>	<b>27,229,003</b>
<b>Change in Accounting Principles</b>	<b>(143,220)</b>	<b>-</b>
<b>Net Position - ending</b>	<b>\$ 31,699,807</b>	<b>\$ 31,720,259</b>

**HOUSING AUTHORITY OF JACKSON COUNTY**

**Statement of Cash Flows**

**For the Year Ended December 31, 2013**

	Primary Government	Discretely Presented Component Units
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
<b>OPERATING REVENUES:</b>		
Receipts from tenants and landlords	\$ 5,253,079	\$ 2,413,340
Receipts from HUD grants	11,807,909	509,654
Receipts from state, local and other grants	255,695	332,905
Receipts from other sources	1,129,948	-
<b>Cash Provided by Operating Activities</b>	<b>18,446,631</b>	<b>3,255,899</b>
<b>OPERATING EXPENSES:</b>		
Payments to landlords	(10,419,065)	-
Payments to vendors and contractors	(3,919,958)	(1,618,142)
Payments to employees	(2,488,494)	(311,312)
<b>Cash Used for Operating Activities</b>	<b>(16,827,517)</b>	<b>(1,929,454)</b>
<b>Net Cash Provided by Operating Activities</b>	<b>1,619,114</b>	<b>1,326,445</b>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>		
Deposits (payments) for tenant deposits	7,424	26,593
Payments for other non-operating activities	-	(45,647)
<b>Net Cash Provided by (Used) for Non-capital Financing Activities</b>	<b>7,424</b>	<b>(19,054)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Payment for intangible assets	-	(469,819)
Purchase of capital assets	(893,168)	(4,786,741)
Payments for development	(998,510)	(489,984)
Reimbursement to primary government for development	-	(1,201,250)
Proceeds from donations	45,647	-
Proceeds from sale of capital assets	889,850	-
Loan proceeds	2,380,000	10,294,202
Payment to primary government for notes and loans	-	(842,437)
Interest payments	(979,204)	(737,857)
Principal payments	(2,589,139)	(3,149,098)
<b>Net Cash Provided by (Used) for Capital and Related Financing Activities</b>	<b>(2,144,524)</b>	<b>(1,382,984)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Net change in investments	(33,789)	-
Payments received from affiliates	2,043,687	-
Net change in investment in limited partnerships	(100)	-
Interest income	43,204	1,198
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>2,053,002</b>	<b>1,198</b>
<b>Change in cash and cash equivalents</b>	<b>1,535,016</b>	<b>(74,395)</b>
<b>Cash and cash equivalents - beginning (restated)</b>	<b>7,430,626</b>	<b>2,158,284</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 8,965,642</b>	<b>\$ 2,083,889</b>

**HOUSING AUTHORITY OF JACKSON COUNTY**

**Statement of Cash Flows**

**For the Year Ended December 31, 2013**

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
<b><u>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>		
Net operating income (loss)	\$ 1,721,709	\$ (812,623)
Adjustments to reconcile net income to net cash provided by operations		
Depreciation and amortization expense	1,202,016	2,106,647
(Increase) Decrease in tenant receivables	44,751	(6,527)
(Increase) Decrease in grants receivable-operating	(9,071)	39,751
(Increase) Decrease in other receivables	(1,289,196)	-
(Increase) Decrease in prepaid expenses	(2,448)	(5,257)
(Increase) Decrease in inventory	(6,882)	-
Increase (Decrease) in payables	1,670	4,454
Increase (Decrease) in unearned revenue	(43,435)	-
Net Cash Provided by Operations	<u>\$ 1,619,114</u>	<u>\$ 1,326,445</u>

**Schedule of cash and cash equivalents:**

	<u>Ending</u>	<u>Ending</u>
Cash in checking and savings	\$ 4,455,318	\$ 385,723
Cash in security deposits	398,555	203,384
Restricted reserve accounts	4,021,197	1,494,782
Restricted FSS escrow deposits	90,572	-
	<u>\$ 8,965,642</u>	<u>\$ 2,083,889</u>

**Non-cash Investing, Financing and Capital Activities:**

Reclassification of construction in progress into rental property	\$ -	\$ 1,407,509
Increase in rental property financed by accounts payable	-	500,019
Increase in rental property financed by developer fee payable	-	1,157,770
Transfer of capital assets to discretely presented component unit	(2,216,446)	2,216,446
Land obtained in swap	477,717	-
Note receivable (payable) from (to) discretely presented component unit	1,000,000	(1,000,000)

**HOUSING AUTHORITY OF JACKSON COUNTY - Discretely Presented Component Units**  
**Statement of Net Position**  
**December 31, 2013**

	Canterbury Hills	Cherry Creek	Freedom Square Liberty Place	Lilac Meadow Phase II
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash in checking and savings	\$ 40,524	\$ 1,438	\$ 72,517	\$ 12,822
Cash in security deposits	26,263	-	21,631	18,633
Tenant accounts receivable (net of allowance)	3,900	-	885	3,083
Grants receivable-operating	-	-	-	-
Other miscellaneous receivables	-	-	-	-
Prepaid expenses	6,068	-	2,903	3,583
Inventory	-	-	-	-
<b>Total Current Assets</b>	<b>76,755</b>	<b>1,438</b>	<b>97,936</b>	<b>38,121</b>
<b>Restricted Assets:</b>				
Reserve accounts	213,554	-	-	260,553
FSS escrow deposits	-	-	-	-
Investments	-	-	-	-
<b>Total Restricted Assets</b>	<b>213,554</b>	<b>-</b>	<b>-</b>	<b>260,553</b>
<b>Capital Assets:</b>				
Land	531,361	1,065,512	485,533	181,121
Buildings and improvements	7,216,968	-	7,709,719	4,848,038
Equipment	340,404	-	188,635	110,270
Construction in process	-	7,360,272	-	-
<b>Total Capital Assets</b>	<b>8,088,733</b>	<b>8,425,784</b>	<b>8,383,887</b>	<b>5,139,429</b>
Less: accumulated depreciation	(682,376)	-	(147,615)	(1,864,526)
<b>Net Capital Assets</b>	<b>7,406,357</b>	<b>8,425,784</b>	<b>8,236,272</b>	<b>3,274,903</b>
<b>Other Assets:</b>				
Loans receivable	-	-	-	-
Interest receivable	-	-	-	-
Deferred developer fees	-	-	-	-
Partnership fees receivable	-	-	-	-
Investment in limited partnerships	-	-	-	-
Financing costs - net of accumulated amortization	88,613	385,352	125,299	54,790
<b>Total Other Assets</b>	<b>88,613</b>	<b>385,352</b>	<b>125,299</b>	<b>54,790</b>
<b>Total Assets</b>	<b>\$ 7,785,279</b>	<b>\$ 8,812,574</b>	<b>\$ 8,459,507</b>	<b>\$ 3,628,367</b>

Maple Terrace	Quail Run	Rogue River Estates	Scenic Heights	Snowberry Brook	Affordable Housing Solutions	Total
\$ 30,171	\$ 642	\$ 116,742	\$ 62,209	\$ 45,131	\$ 3,527	\$ 385,723
43,148	9,991	27,784	24,981	30,953	-	203,384
14,813	3,466	489	5,042	1,776	-	33,454
-	-	-	-	-	39,131	39,131
-	-	-	-	-	-	-
9,279	6,020	8,692	5,557	7,812	-	49,914
-	-	-	-	-	-	-
<u>97,411</u>	<u>20,119</u>	<u>153,707</u>	<u>97,789</u>	<u>85,672</u>	<u>42,658</u>	<u>711,606</u>
140,795	76,595	338,358	224,220	240,707	-	1,494,782
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>140,795</u>	<u>76,595</u>	<u>338,358</u>	<u>224,220</u>	<u>240,707</u>	<u>-</u>	<u>1,494,782</u>
1,060,362	140,000	840,000	379,658	1,408,074	-	6,091,621
10,409,124	1,150,802	7,155,665	7,734,589	8,960,208	-	55,185,114
-	-	55,768	-	-	-	695,077
-	-	-	-	-	-	7,360,272
11,469,486	1,290,802	8,051,433	8,114,247	10,368,282	-	69,332,084
(2,856,557)	(379,786)	(1,014,429)	(1,525,981)	(1,164,447)	-	(9,635,717)
<u>8,612,929</u>	<u>911,016</u>	<u>7,037,004</u>	<u>6,588,266</u>	<u>9,203,835</u>	<u>-</u>	<u>59,696,367</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,260	15,624	183,759	26,292	171,815	-	1,078,804
<u>27,260</u>	<u>15,624</u>	<u>183,759</u>	<u>26,292</u>	<u>171,815</u>	<u>-</u>	<u>1,078,804</u>
<u>\$ 8,878,395</u>	<u>\$ 1,023,354</u>	<u>\$ 7,712,828</u>	<u>\$ 6,936,567</u>	<u>\$ 9,702,029</u>	<u>\$ 42,658</u>	<u>\$ 62,981,559</u>



	Canterbury Hills	Cherry Creek	Freedom Square Liberty Place	Lilac Meadow Phase II
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Tenants security deposits	\$ 26,263	\$ -	\$ 21,631	\$ 18,633
Unearned revenue	-	-	-	-
Other payables	22,011	487,816	16,645	6,463
Operating and development advances payable to primary government	2,724	6,318	1,852	1,491
Developer fees payable to primary government	-	425,600	550,000	-
Accrued compensated absences, current	1,343	-	1,605	2,152
Current portion of long-term debt - mortgage payable	14,302	-	-	23,340
Current portion of long-term debt - bonds payable	-	-	-	-
<b>Total Current Liabilities</b>	<u>66,643</u>	<u>919,734</u>	<u>591,733</u>	<u>52,079</u>
<b>Long-Term Liabilities:</b>				
FSS tenant escrow deposits	-	-	-	-
Mortgages payable, less current portion	1,319,215	5,072,570	2,674,490	692,896
Long-term liabilities payable to primary government	538,317	1,262,170	-	868,422
Bonds payable, less current portion	-	-	-	-
<b>Total Long-Term Liabilities</b>	<u>1,857,532</u>	<u>6,334,740</u>	<u>2,674,490</u>	<u>1,561,318</u>
<b>Total Liabilities</b>	<u>1,924,175</u>	<u>7,254,474</u>	<u>3,266,223</u>	<u>1,613,397</u>
<b>NET POSITION:</b>				
Net investment in capital assets	5,561,120	1,665,444	5,011,782	1,969,667
Restricted	213,554	-	-	260,553
Unrestricted	86,430	(107,344)	181,502	(215,250)
<b>Total Net Position</b>	<u>5,861,104</u>	<u>1,558,100</u>	<u>5,193,284</u>	<u>2,014,970</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 7,785,279</u>	<u>\$ 8,812,574</u>	<u>\$ 8,459,507</u>	<u>\$ 3,628,367</u>

Maple Terrace	Quail Run	Rogue River Estates	Scenic Heights	Snowberry Brook	Affordable Housing Solutions	Total
\$ 43,148	\$ 9,991	\$ 27,784	\$ 24,981	\$ 30,953	\$ -	\$ 203,384
-	-	-	-	-	-	-
15,650	14,369	5,641	11,200	21,821	39,131	640,749
4,125	42,990	3	1,715	2,172	144	63,534
-	-	-	-	-	-	975,600
3,228	542	2,374	1,104	1,613	-	13,961
35,571	9,258	-	50,223	54,478	-	187,172
-	-	108,153	-	-	-	108,153
<u>101,722</u>	<u>77,150</u>	<u>143,955</u>	<u>89,223</u>	<u>111,037</u>	<u>39,275</u>	<u>2,192,553</u>
-	-	-	-	-	-	-
3,297,744	832,460	-	1,669,997	2,391,729	-	17,951,101
1,267,388	130,375	152,919	267,436	1,774,114	-	6,261,140
-	-	4,856,506	-	-	-	4,856,506
<u>4,565,132</u>	<u>962,835</u>	<u>5,009,425</u>	<u>1,937,433</u>	<u>4,165,843</u>	<u>-</u>	<u>29,068,747</u>
<u>4,666,854</u>	<u>1,039,985</u>	<u>5,153,380</u>	<u>2,026,656</u>	<u>4,276,880</u>	<u>39,275</u>	<u>31,261,300</u>
4,426,516	54,298	1,920,446	4,668,046	5,216,205	-	30,493,524
140,795	76,595	338,358	224,220	240,707	-	1,494,782
(355,770)	(147,524)	300,644	17,645	(31,763)	3,383	(268,047)
<u>4,211,541</u>	<u>(16,631)</u>	<u>2,559,448</u>	<u>4,909,911</u>	<u>5,425,149</u>	<u>3,383</u>	<u>31,720,259</u>
<u>\$ 8,878,395</u>	<u>\$ 1,023,354</u>	<u>\$ 7,712,828</u>	<u>\$ 6,936,567</u>	<u>\$ 9,702,029</u>	<u>\$ 42,658</u>	<u>\$ 62,981,559</u>

**HOUSING AUTHORITY OF JACKSON COUNTY - Discretely Presented Component Units**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2013**

	Canterbury Hills	Cherry Creek	Freedom Square Liberty Place	Lilac Meadow Phase II
<b>OPERATING REVENUES:</b>				
Dwelling rental	\$ 326,537	\$ -	\$ 131,975	\$ 236,563
Other tenant charges	7,176	-	1,391	6,150
HUD PHA and RD operating grants	-	-	-	-
Other government operating grants	-	-	-	-
Fraud recovery	-	-	-	-
Other income	1,050	-	2,495	4,956
Management and administration fees	-	-	-	-
<b>Total Operating Revenues</b>	<u>334,763</u>	<u>-</u>	<u>135,861</u>	<u>247,669</u>
<b>OPERATING EXPENSES:</b>				
Administrative expense	44,852	-	27,713	37,656
Tenant services	20,969	-	2,916	24,680
Property development and management	19,569	-	7,585	15,176
Utilities	21,209	-	10,656	22,700
Maintenance expense	77,900	-	17,611	81,425
General expense	5,860	-	1,982	8,848
Grant expense	-	-	-	-
Amortization expense	4,539	-	2,219	3,652
Depreciation expense	336,985	-	147,615	186,944
<b>Total Operating Expenses</b>	<u>531,883</u>	<u>-</u>	<u>218,297</u>	<u>381,081</u>
<b>Net Operating Income ( Loss)</b>	<u>(197,120)</u>	<u>-</u>	<u>(82,436)</u>	<u>(133,412)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest income	165	-	-	241
Interest expense and fiscal charges	(106,580)	-	(76,633)	(49,479)
Gain (loss) on sale of assets	-	-	-	-
Other non-operating expense	-	-	-	-
Donation expense	-	-	(45,647)	-
<b>Total Non-operating Revenues (Expenses):</b>	<u>(106,415)</u>	<u>-</u>	<u>(122,280)</u>	<u>(49,238)</u>
<b>Income (loss) Before Contributions</b>	<u>(303,535)</u>	<u>-</u>	<u>(204,716)</u>	<u>(182,650)</u>
Capital contributions	326,250	1,558,100	4,229,500	-
<b>Change in Net Position</b>	<u>22,715</u>	<u>1,558,100</u>	<u>4,024,784</u>	<u>(182,650)</u>
<b>Net Position - beginning, as restated</b>	<u>5,838,389</u>	<u>-</u>	<u>1,168,500</u>	<u>2,197,620</u>
<b>Net Position - ending</b>	<u>\$ 5,861,104</u>	<u>\$ 1,558,100</u>	<u>\$ 5,193,284</u>	<u>\$ 2,014,970</u>

Maple Terrace	Quail Run	Rogue River Estates	Scenic Heights	Snowberry Brook	Affordable Housing Solutions	Total
\$ 554,367	\$ 148,164	\$ 257,954	\$ 283,405	\$ 407,693	\$ -	\$ 2,346,658
20,206	3,918	948	9,527	8,565	-	57,881
-	-	509,654	-	-	293,155	802,809
-	-	-	-	-	-	-
1,815	1,982	9,242	1,255	1,260	90	24,145
-	-	-	-	-	-	-
<u>576,388</u>	<u>154,064</u>	<u>777,798</u>	<u>294,187</u>	<u>417,518</u>	<u>293,245</u>	<u>3,231,493</u>
67,111	24,827	139,650	44,510	58,322	2,650	447,291
39,203	7,533	13,681	10,388	23,242	-	142,612
33,756	7,488	50,999	17,245	24,869	-	176,687
38,482	33,069	48,394	27,055	48,724	-	250,289
121,658	24,506	117,829	58,480	71,055	-	570,464
7,815	5,433	9,328	10,199	7,506	-	56,971
-	-	-	-	-	293,155	293,155
2,771	746	12,746	9,803	13,971	-	50,447
390,283	40,567	188,072	345,150	420,584	-	2,056,200
<u>701,079</u>	<u>144,169</u>	<u>580,699</u>	<u>522,830</u>	<u>668,273</u>	<u>295,805</u>	<u>4,044,116</u>
<u>(124,691)</u>	<u>9,895</u>	<u>197,099</u>	<u>(228,643)</u>	<u>(250,755)</u>	<u>(2,560)</u>	<u>(812,623)</u>
209	62	247	95	178	1	1,198
(226,697)	(52,790)	(170,476)	(44,275)	(88,142)	-	(815,072)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	(45,647)
<u>(226,488)</u>	<u>(52,728)</u>	<u>(170,229)</u>	<u>(44,180)</u>	<u>(87,964)</u>	<u>1</u>	<u>(859,521)</u>
(351,179)	(42,833)	26,870	(272,823)	(338,719)	(2,559)	(1,672,144)
-	-	-	-	49,550	-	6,163,400
(351,179)	(42,833)	26,870	(272,823)	(289,169)	(2,559)	4,491,256
<u>4,562,720</u>	<u>26,202</u>	<u>2,532,578</u>	<u>5,182,734</u>	<u>5,714,318</u>	<u>5,942</u>	<u>27,229,003</u>
<u>\$ 4,211,541</u>	<u>\$ (16,631)</u>	<u>\$ 2,559,448</u>	<u>\$ 4,909,911</u>	<u>\$ 5,425,149</u>	<u>\$ 3,383</u>	<u>\$ 31,720,259</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. AUTHORIZING LEGISLATION:

The Housing Authority of Jackson County (the Authority), Jackson County, Oregon, was created by resolution pursuant to ORS 456.085. Its primary functions are planning, development, and operation of low-income housing projects funded by the U.S. Department of Housing and Urban Development (HUD), and the administration and operation of other programs related to low-income housing assistance. These include home rehabilitation and weatherization, community development, and community service programs. Funding for these programs is primarily provided by HUD and other federal agencies, including U.S. Department of Agriculture Rural Development (RD).

The seven-member Board of Commissioners acts as the governing body under the provisions of ORS 456.085.

Day-to-day management of the Authority is the responsibility of an Executive Director appointed by the Board of Commissioners.

#### B. REPORTING ENTITY:

In accordance with governmental accounting standards applicable to the reporting entity, the Authority has included related entities in its financial statements. The reporting entity definition is based primarily on the concept of financial accountability. The Authority is financially accountable for those units that make up its legal entity as well as its legally separate organizations, because they have substantially the same board of directors and management personnel. All programs and entities of the Authority are presented as a single proprietary fund for financial reporting purposes. The following summarizes programs and entities included in the basic financial statements of the Authority:

### HOUSING AUTHORITY OF JACKSON COUNTY PROGRAMS:

#### **Department of Housing and Urban Development**

##### I. Public Housing Program:

This program accounts for properties owned by the Authority, initially financed through long-term debt that was later converted to grant monies by HUD, and rented to low-income families.

##### II. Section 8 Housing Assistance Payments:

The Section 8 Housing Assistance Payments are separated into four programs as follows:

###### (a). Section 8 Vouchers:

This program accounts for rent subsidy payments to low-income families who locate their own rental units and negotiate the monthly rent. The primary source of revenue is subsidies from HUD.

###### (b). Section 8 Veterans Affairs Supportive Housing:

This program is similar to Section 8 Vouchers, except program participation is limited to veterans of U.S. military service referred by the local Veterans Affairs office. The primary source of revenue is subsidies from HUD. As of July 1, 2011, per HUD directive, program operations were merged with the Section 8 Voucher program.

###### (c), (d). Section 8 Moderate Rehabilitation I and II:

These two programs account for payments made to rehabilitate substandard dwellings which are used to house low-income families. The primary source of revenue is subsidies from HUD.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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### **Department of Agriculture Rural Development:**

#### III. Anderson Vista Program:

This program accounts for the management of Anderson Vista Apartments located in Talent, Oregon. This project was funded with grants of \$1,139,500 and a loan of \$1,181,000 from the U.S. Department of Agriculture Rural Development. The primary sources of revenue are dwelling rents and subsidies from Rural Development.

#### IV. Patio Village Program:

This program accounts for a project financed by the U.S. Department of Agriculture Rural Development (RD) with loans of \$1,587,446 for the purchase and operation of low-rent housing for senior and disabled families. The project is located in Talent, Oregon. The primary sources of revenue are dwelling rents and subsidies from Rural Development.

#### V. Rose Garden Apartments Program:

This program accounts for a project financed by the U.S. Department of Agriculture Rural Development with loans of \$211,530 for the purchase and operation of housing for low-income families. The project is located in Gold Hill, Oregon. The primary sources of revenue are dwelling rents and subsidies from Rural Development.

#### VI. Sunnyslope Apartments Program:

This program accounts for a project financed by the U.S. Department of Agriculture Rural Development with a loan of \$1,025,000 for the purchase and operation of housing for low-income families. The project is located in Rogue River, Oregon. The primary sources of revenue are dwelling rents and subsidies from Rural Development. The Authority assumed controlling interest on February 1, 2012. The entity was a limited partnership and the Authority bought out both the general and limited partner for a total of \$40,000. The partnership stayed intact under a new name with the Authority as the limited partner and a limited liability corporation as the general partner. The Authority is the sole member of the LLC.

#### VII. Lilac Meadow:

This program accounts for the operation of Lilac Meadow Apartments located in Medford, Oregon. This project was funded with grants of \$2,251,000 and loans of \$1,675,000 from the U.S. Department of Agriculture Rural Development. The primary sources of revenue are dwelling rents and subsidies from Rural Development.

### **Community Development Programs:**

#### VIII. Local Program:

The Local Program is used to account for financial resources except those otherwise required by grant and loan terms to be accounted for in a separate program. The primary source of revenue is from development and management fees.

#### IX. General Program:

This program accounts for the development and rehabilitation of low-income housing and other community services. The primary source of revenue is from development and management fees.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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### X. Willow Glen Apartments Program:

This program accounts for the purchase and management of the Willow Glen Apartments, located in Central Point, Oregon. This project was funded by proceeds of a permanent loan in the amount of \$2,336,000. The principal source of revenue is from dwelling rents. On May 1, 2012, the Authority assumed controlling interest in Willow Glen Limited Partnership (the Partnership). The Authority was originally the general partner in the Partnership. The Authority bought out the limited partners for \$46,825 and retained its position as general partner. The Partnership stayed intact with the new limited partner being a limited liability corporation in which the Authority is the sole member.

### XI. Southernaire/West Pine Apartments Program:

This program accounts for the purchase and management of the Southernaire Apartments, located in Medford, Oregon and the West Pine Terrace Apartments, located in Central Point, Oregon. This project was funded by proceeds of a bond issue in the amount of \$4,850,000. The principal source of revenue is from dwelling rents.

### XII. Royal Apartments Program:

This program accounts for the purchase and management of the Royal Apartments, located in Medford, Oregon. This project was funded by proceeds of a bond issue in the amount of \$4,385,000. The bond was refinanced on July 1, 2012 for \$3,200,000. The principal source of revenue is from dwelling rents.

### XIII. Series '96 Program:

This program accounts for the purchase and management of various multi-family projects located throughout the Southern Oregon area. This project was funded by proceeds of a bond issue in the amount of \$1,580,000. The bond was refinanced on November 1, 2012 for \$1,100,000. The principal source of revenue is from dwelling rents.

### XIV. Table Rock Apartments Program:

This program accounts for the purchase and management of the Table Rock Apartments located in Medford, Oregon. Funding for this project was provided through a permanent loan of \$800,000 from a financial institution. The principal source of revenue is from dwelling rents.

### XV. Multi-Family Housing Program:

This program accounts for various multi-family properties located throughout the Southern Oregon area. They were initially financed through long-term debt that was later converted to grant monies by HUD, and rented to low-income families and reported as part of the Public Housing Program. In 2008, these properties were transferred out of the Public Housing Program to the Local Program via a lease, which qualified as a disposition under HUD regulations. The principal source of revenue is from dwelling rents.

### XVI. Housing Retreat Program:

This program accounts for the purchase and management of multi-family properties located in Medford and Central Point, Oregon. Funding for this program was provided from federal and state grants through the State of Oregon of approximately \$1.5 million. The specific goal of this program is to provide permanent, supportive housing for the homeless. Case management of tenants is handled by a local not-for-profit organization that has a contract for these services with the Authority. The principal source of revenue is from dwelling rents.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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### XVII. Penny Lane Apartments Program:

This program accounts for the construction and operation of Penny Lane Apartments located in Central Point, Oregon. Primary funding for this project was provided through grants from the State of Oregon totaling \$678,748 and permanent loans of \$540,000 from a financial institution. The principal source of revenue is from dwelling rents.

### XVIII. Elk Street Apartments Program:

This program accounts for the purchase and operation of Elk Street Apartments located in Medford, Oregon. Primary funding for this project was provided from federal NSP grants through the State of Oregon totaling approximately \$923,000. The principal source of revenue is from dwelling rents.

### XIX. Finley Square Apartments Program:

This program accounts for the purchase and operation of Finley Square Apartments located in Medford, Oregon. Primary funding for this project was provided through a permanent loan of \$3,600,000 from a financial institution. The principal source of revenue is from dwelling rents.

### XX. Single Family Housing Program:

This program accounts for single family properties located throughout the Southern Oregon area. They were initially financed through long-term debt that was later converted to grant monies by HUD, and rented to low-income families and reported as part of the Public Housing Program. In 2008, these properties were transferred out of the Public Housing Program to the Local Program via a lease, which qualified as a disposition under HUD regulations. The principal source of revenue is from dwelling rents.

### XXI. The Grand Apartments Program:

This program accounts for the purchase and operation of The Grand Apartments located in Medford, Oregon. Primary funding for this project was provided through a permanent loan of \$680,000 from a financial institution. The principal source of revenue is from dwelling rents.

## **Component Units:**

The Authority's reporting entities consist of ten discretely presented component units, and two blended component units for which the Authority is financially responsible.

### Blended Component Units

Blended component units are legally separate entities, but are in substance a part of the Authority's operations. The data from these operations are combined with the financial data from the primary government.

Preserve Jade East, Inc. (Jade East) - A not-for-profit organization that operates a 30-unit low-income housing project located in Grants Pass, Oregon known as Jade East Apartments. The Board of Directors for Jade East is appointed by the Authority's Board of Commissioners and is substantively the same. Jade East has no employees. Day-to-day management of Jade East is the responsibility of the Authority which has contracted with the organization to provide property management services which includes all administrative, financial and maintenance activities. All transactions between Jade East and the Authority have been eliminated in the consolidated financial statements. Jade East has a fiscal year of December 31, the same as the Authority. The principal source of revenue for Jade East is from dwelling rents.

Rivertree Apartments, Inc. (Rivertree) - A not-for-profit organization that operates a 27-unit low-income housing project located in Grants Pass, Oregon known as Rivertree Apartments. The



# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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Board of Directors for Rivertree is appointed by the Authority's Board of Commissioners and is substantively the same. Rivertree has no employees. Day-to-day management of Rivertree is the responsibility of the Authority which has contracted with the organization to provide property management services which includes all administrative, financial and maintenance activities. All transactions between Rivertree and the Authority have been eliminated in the consolidated financial statements. Rivertree has a fiscal year of December 31, the same as the Authority. The principal source of revenue for Rivertree is from dwelling rents.

Separately issued financial statements do not exist for the blended component units, Jade East and Rivertree Apartments. Management has concluded that the Authority is not a component unit of any other entity.

### Discretely Presented Component Units

The Authority is the general partner/managing member in nine tax credit limited partnerships and limited liability companies (component units). These partnerships and LLCs are separate legal entities from the Authority. All of these partnerships and LLCs are formed for the purpose of developing, operating, managing and leasing the projects in a manner that qualifies them for low-income housing credits under Section 42 of the Internal Revenue Code of 1986, as amended.

The component units are managed by employees of the Authority. This enables the Authority to influence management policy, budgets, and operations. Furthermore, the Authority is obligated to fund operating deficits by loaning funds to the partnerships and LLCs and is primarily responsible for capital debt issued on behalf of each partnership and LLC. Additionally, the Authority is involved with a not-for-profit organization on which it can impose its will. The services provided by the partnerships and LLCs and non-profit do not exclusively or almost exclusively benefit the Authority or its constituents. Therefore, the partnerships' and LLCs' and not-for-profits' financial statements are discretely presented in a single column in the accompanying financial statements in accordance with GASB Statement 14 (as amended by GASB Statement 61). Individual financial statements for each limited partnership and LLC may be obtained from the administrative offices of the Authority. No separately issued financial statements are created for the not-for-profit. These entities are as follows:

Affordable Housing Solutions (AHS): A not-for-profit organization that offers low-income housing programs. The Board of Directors for AHS is independent of the Authority's Board of Commissioners; however, one of the three board members serves on the board of the Authority. AHS has no employees. The Authority has contracted with AHS to run the programs and to provide all the services necessary for AHS to carry out its mission. This includes all administrative, financial and program activities. AHS has a fiscal year end of December 31, the same as the Authority. The principal sources of revenue for AHS are from grant income.

Canterbury Hills LLC: This is an Oregon limited liability company formed in 2010 to develop, own and operate Canterbury Hill Apartments, a 48 unit apartment project located in Medford, Oregon. Operations began in 2011 and construction was completed in 2012. The LLC is made up of Key Community Development Corporation (investor member) and the Housing Authority of Jackson County (managing member) with ownership interests of 99.99% and .01%, respectively. The operating agreement shall continue in perpetuity unless it is earlier dissolved and terminated pursuant to the provisions of the operating agreement.

Cherry Creek Part I LLC: This is an Oregon limited liability company formed in 2011 to develop, own and operate Cherry Creek Apartments, a 50 unit apartment project located in Medford, Oregon. Construction began in 2013 and operations are expected to begin in 2014. The LLC is made up of Key Community Development Corporation (investor member) and the Housing Authority of Jackson County (managing member) with ownership interests of 99.99% and .01%, respectively. The operating agreement shall continue in perpetuity unless it is earlier dissolved and terminated pursuant to the provisions of the operating agreement.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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Freedom and Liberty Development LLC: This is an Oregon limited liability company formed in 2012 to develop, own and operate Freedom Square, a 34 unit apartment project located in White City, Oregon and Liberty Place, a 16 unit apartment project located in Central Point, Oregon. Construction was completed and operations began in 2013. The LLC is made up of Key Community Development Corporation (investor member) and the Housing Authority of Jackson County (managing member) with ownership interests of 99.99% and .01%, respectively. The operating agreement shall continue in perpetuity unless it is earlier dissolved and terminated pursuant to the provisions of the operating agreement.

Lilac Meadow Phase II LP: This is an Oregon limited partnership formed in 2003 to develop, own and operate Lilac Meadow Apartments, a 42 unit project located in Medford, Oregon. Construction was completed and operations began in 2004. The partnership is made up of Enterprise Housing Partners X Limited Partnership, WAMU Affordable Housing Fund Limited Partnership (limited partners) and the Housing Authority of Jackson County (general partner) with ownership interests of 49.995%, 49.995% and .01%, respectively. The partnership agreement terminates in 2065.

Maple Terrace Development LP: This is an Oregon limited partnership formed in 2006 to develop, own and operate Maple Terrace Apartments, an 82 unit project located in Medford, Oregon. Construction was completed and operations began in 2007. The partnership is made up of PNC Multifamily Capital Institutional Fund XXXI LP (investment limited partner) and the Housing Authority of Jackson County (general partner) with ownership interests of 99.99% and .01%, respectively. The partnership also includes a special limited partner, Columbia Housing SLP Corporation, which does not share in the profit or losses. The partnership agreement terminates in 2050.

Quail Run Development LP: This is an Oregon limited partnership formed in 2005 to purchase, rehabilitate, own and operate Quail Run Apartments, a 24 unit project located in Shady Cove, Oregon. The project was acquired in 2005 and the rehabilitation was completed in 2006. The partnership is made up of Columbia Housing/PNC Institutional Fund XX LP (investment limited partner) and the Housing Authority of Jackson County (general partner) with ownership interests of 99.99% and .01%, respectively. The partnership also includes a special limited partner, Columbia Housing SLP Corporation that does not share in the profit or losses. The partnership agreement terminates in 2050.

Rogue River Apartments LLC: This is an Oregon limited liability company formed in 2007 to acquire, rehabilitate and operate Rogue River Estates, a 94 unit elderly and/or disabled apartment project located in Medford, Oregon. The project was acquired and the rehabilitation was completed in 2008. The LLC is made up of Meridian Affordable Housing Acquisition I LLC (investor member) and the Housing Authority of Jackson County (managing member) with ownership interests of 99.99% and .01%, respectively. The operating agreement shall continue in perpetuity unless it is earlier dissolved and terminated pursuant to the provisions of the operating agreement.

Scenic Heights Development LP: This is an Oregon limited partnership formed in 2007 to develop, own and operate Scenic Heights Apartments, a 48 unit project located in Central Point, Oregon. The project was completed and operations began in 2009. The partnership is made up of Meridian Affordable Housing Acquisition I LLC (limited partner) and the Housing Authority of Jackson County (general partner) with ownership interests of 99.99% and .01%, respectively. The partnership agreement terminates in 2070.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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Snowberry Brook LLC: This is an Oregon limited liability company formed in 2008 to develop, own and operate Snowberry Brook Apartments, a 60 unit project located in Ashland, Oregon. The project was completed and operations began in 2011. The LLC is made up of Key Community Development Corporation (investor member) and the Housing Authority of Jackson County (managing member) with ownership interests of 99.99% and .01%, respectively. The operating agreement shall continue in perpetuity unless it is earlier dissolved and terminated pursuant to the provisions of the operating agreement.

### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:

The financial statements have been prepared in conformance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The programs of the Authority and blended component units are consolidated in the financial statements of the Authority and reported as a single proprietary fund type. Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. Accounting principles generally accepted in the United States of America require that Proprietary funds use the economic resources of measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when the liability is incurred.

For the most part, the Authority reports operating revenues as defined in GASB 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting". Enterprise funds distinguish operating revenues and expenses from nonoperating items. The principal revenues of the Authority are rental income and management/development fees earned. Operating revenues and expenses result from providing services in connection with the Authority's ongoing operations. Operating revenues also include operating subsidies and grants provided by the U.S. Department of Housing and Urban Development (HUD) and the United States Department of Agriculture (USDA). The use of this classification is based on guidance from HUD, the primary user of the financial statements and is a departure from GAAP. Operating expenses include personnel, property management expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

This presentation results in an operating income that is higher than a nonoperating revenue presentation by the amount of the subsidies and grants. Overall, it does not affect presentation of net income or the change in net position in the statement of revenues, expenses and changes in fund net position, or the presentation of cash and cash equivalents in the statement of cash flows.

When both unrestricted and restricted resources are available for use; it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. The Authority does not provide for any other post-retirement benefits.

### D. BUDGETS AND BUDGETARY ACCOUNTING:

The Authority is not subject to Oregon Local Budget Law under ORS 294.316 (8). Budgets are created for each program to meet financial management and control objectives. The Authority uses these budgets as a management tool, but does not legally appropriate a budget as defined by GASB. Therefore, budgetary comparisons are not reported in these financial statements.

### E. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents for the purpose of the Statement of Cash Flows consists of cash on hand and deposits in demand and savings accounts. This includes unrestricted and restricted cash.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### F. RECEIVABLES:

Tenant accounts receivable consists of rents and other fees charged to tenants and are shown at net realizable value. A provision for uncollectible amounts has been established based on management's estimate of collectability.

Other receivables consist of accrued interest earned on investments, notes and contracts at the end of the year, earned amounts due from various federal, state and local grantors, amounts owed from other housing authorities, component units and amounts owed from other businesses or organizations for goods and services including amounts owed for which billings have not been prepared.

Loans receivable from Component Units consist of amounts owed for capital items and goods and services. Notes receivable are shown net of allowance for doubtful accounts. See Related Parties Transactions Note 13 for detail.

### G. INVENTORY:

Inventory is stated at cost on a first-in, first-out basis and consists of materials used for maintenance repairs.

### H. CAPITAL ASSETS:

These assets are recorded at cost or estimated historical cost. Depreciation is recorded using the straight-line method over their estimated useful lives. The estimated useful lives of capital assets are:

- Buildings and building improvements – 15 to 40 years
- Equipment – 5 to 10 years

The Authority capitalizes capital assets with a value in excess of \$5,000 and a useful life of five years or longer.

### I. UNEARNED REVENUE:

Unearned revenue consists of payments received from sources that have not been earned as of December 31, 2013, primarily for projects included in the General Program. Activity for the year is as follows:

	<u>Primary Government</u>
Beginning balance	\$ 183,904
Unearned/received	70,814
Earned/recognized	<u>(114,249)</u>
Ending balance	<u>\$ 140,469</u>

### J. COMPENSATED ABSENCES:

It is the Authority's policy to permit employees to accumulate earned but unused vacation benefits based on length of continuous service. Eligibility for vacation leave accrual begins on the first day of the month following the date of hire. There is no waiting period for using accrued vacation leave. If an employee is terminated, all accrued but unused vacation leave is paid. Non-management employees may accrue a maximum of double their current vacation leave rate. Management employees may accrue vacation leave up to a maximum of three times the current accrual rate.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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Employees also accrue one day of sick leave for each month worked up to a maximum of 136 days. There is no liability for unpaid accumulated sick leave as no sick leave benefits are paid upon termination.

Accrued compensated absences unpaid at December 31, 2013 were accrued in the individual programs of the Authority, based on current pay rates and hours earned and unused. Activity is as follows:

	Primary Government	Discretely Presented Component Units
Beginning balance	\$ 184,012	\$ 13,074
Earned in 2013	178,225	12,965
Used in 2013	(174,728)	(12,078)
Ending balance	<u>\$ 187,509</u>	<u>\$ 13,961</u>

Management estimates the entire portion to be a current liability.

### K. PENSION PLAN:

*Plan Description* – The Authority contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS) a statewide, cost-sharing, multiple-employer plan on behalf of its employees. The Oregon Public Employees Retirement Fund (OPERF) applies to the Authority's contribution for qualifying employees who were hired before August 29, 2003 and is a cost-sharing multiple employer defined benefit pension plan. This plan is also commonly referred to as Tier 1/Tier 2. The second plan is the Oregon Public Service Retirement Plan (OPSRP) which is a hybrid successor plan to the OPERF and consists of two programs: the Pension Program and the Individual Account Program (IAP). The Pension Program, the defined benefit portion of the plan, applies to qualifying employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. The IAP is the defined contribution portion of the plan. Beginning January 1, 2004, active Tier 1/Tier 2 members hired before August 29, 2003, became members of the IAP and all PERS member contributions go into the IAP. Tier 1/Tier 2 members retained their existing PERS accounts, but future contributions are deposited into the members IAP account and not their PERS account.

PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377 or at [www.oregon.gov/PERS](http://www.oregon.gov/PERS).

*Funding Policy* – Employees become members of PERS after six months of service in a qualified position. All covered employees are required by State statute to contribute 6% of their salary to the plan, which is deposited into the IAP. During 2013, the Authority, as an employee benefit, paid the employees' portion of the PERS contribution. In addition, the Authority is required to contribute at actuarially determined rates for Tier 1/Tier 2 employees hired before August 29, 2003 and for employees hired after August 29, 2003 in the OPSRP. The current rate is 15.87% of covered payroll for Tier 1/Tier 2 members and 12.94% of covered payroll for OPSRP members.

The required contribution was determined as part of the December 31, 2011 actuarial valuation, using the entry age actuarial cost method, performed as of that date. The actuarial assumptions include:

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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- Long-term inflation rate of 2.75 percent per year
- Rate of return on investments of 8 percent
- Projected increases in salaries of 3.75 percent
- Post-retirement cost of living increases 2.75 percent annually
- Interest crediting of 8 percent of members' regular account balances and 8.5 percent on members variable account balance

*Annual Pension Cost* - For the years ended December 31, 2013, 2012, and 2011, the Authority's annual pension cost was \$522,449, \$523,261 and \$447,431 respectively, and was equal to the Authority's required and actual contributions.

### L. INCOME TAXES:

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

### M. USE OF ESTIMATES:

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

## 2. CASH:

Cash balances are carried at cost. The balances at December 31, 2013 by major type are as follows:

	Primary Government	Discretely Presented Component Units
Cash on hand-petty cash	\$ 2,150	\$ 100
Deposits with banks	8,963,492	2,083,789
Total Cash	<u>\$ 8,965,642</u>	<u>\$ 2,083,889</u>

The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the Authority at December 31, 2013. If bank deposits at year end are not entirely insured or collateralized with securities held by the Authority or by its agent in the Authority's name, the Authority must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager, securities having a value not less than 25% of the outstanding certificates of participation issued by the pool manager. For the year ended December 31, 2013, the carrying amounts of the Authority's deposits in various financial institutions were \$8,963,492 and the bank balances were \$9,235,674. All deposits of the primary government, except deposits for Sunnyslope Apartments, Willow Glen Apartments and the two blended component units, are held in the name of the Authority. All deposits for the primary government, except deposits for Sunnyslope Apartments, Willow Glen Apartments and the two blended component units, are considered covered by \$2 million in securities backed by the Federal Reserve Bank of New York, and the State of Oregon shared liability structure for participating bank depositories in Oregon. These provisions do not apply to the discretely presented component units.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk.

Effective July 1, 2008, House Bill 2901, which was passed during the 2007 Regular Session of the Oregon Legislative Assembly, significantly revised Oregon Revised Statute 295. The changes streamlined the collateralization process for bank depositories and local governments. The changes also created a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public funds deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 100% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

### 3. RESTRICTED ASSETS - RESERVES:

In accordance with bond resolutions and certain agreements, separate restricted accounts are required to be established. At December 31, 2013, the Authority held cash balances as reserves for future property replacement, payment of liability and fire insurance, Section 8 voucher payments and tenant family self-sufficiency escrow deposits as follows:

	<u>Replacement</u>	<u>Operating</u>	<u>Debt</u>	<u>Escrow</u>	<u>Total Reserves</u>
<b>Primary Government</b>					
Section 8 Vouchers	\$ -	\$ 972,197	\$ -	\$ 90,572	\$ 1,062,769
Anderson Vista	141,126	-	-	-	141,126
Patio Village	282,004	-	-	-	282,004
Rose Garden	26,693	-	-	-	26,693
Sunnyslope	198,859	-	-	-	198,859
Lilac Meadow	232,811	-	-	-	232,811
Local Program	-	1,672,775	-	-	1,672,775
Willow Glen	183,168	11,082	-	-	194,250
Royal Apartments	13,786	-	23,568	-	37,354
Series '96	16,932	-	-	-	16,932
Table Rock Apartments	-	-	-	-	-
Housing Retreat	-	-	-	-	-
Elk Street	-	-	-	-	-
Preserve Jade East	133,722	62,914	-	-	196,636
Rivertree	34,874	14,686	-	-	49,560
<b>Total Primary Government</b>	<b>\$ 1,263,975</b>	<b>\$ 2,733,654</b>	<b>\$ 23,568</b>	<b>\$ 90,572</b>	<b>\$ 4,111,769</b>
<b>Discretely Presented Component Units</b>					
Canterbury Hills	\$ 35,961	\$ 177,196	\$ -	\$ 396	\$ 213,553
Lilac Meadows	186,463	68,167	-	5,923	260,553
Maple Terrace	138,065	-	-	2,730	140,795
Quail Run	76,595	-	-	-	76,595
Scenic Heights	80,014	139,000	-	5,206	224,220
Snowberry Brook	60,696	172,306	-	7,705	240,707
Rogue River	166,442	105,535	64,048	2,334	338,359
<b>Total Discretely Presented Component Units</b>	<b>\$ 744,236</b>	<b>\$ 662,204</b>	<b>\$ 64,048</b>	<b>\$ 24,294</b>	<b>\$ 1,494,782</b>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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### 4. INVESTMENTS:

Oregon Statutes authorize the Authority to participate in the following types of investments:

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

The Authority, as part of its bond indentures, is required to maintain certain investment accounts to meet future obligations associated with the underlying projects funded by those bond proceeds. Investments are carried at current market value. The following is a summary of the investments held by the Authority at December 31, 2013:

Obligations of the United States, agencies or instrumentalities of the United States	Primary Government \$ 488,880
Cash	146,868
Certificate of deposit	34,289
State of Oregon Local Government Investment Pool	<u>291,386</u>
Total Investments	<u>\$ 961,423</u>

Obligations of the United States, agencies or instrumentalities of the United States, include fixed income securities of the Federal Home Loan Mortgage Corporation, Federal Home Loan Bank and the Federal National Mortgage Association. All securities are triple A rated and have maturity dates of less than five years. These investments are managed by the bond trustee and held by a custodian. Cash includes funds held by the custodian to cover current bond obligations.

Permitted investments include cash and direct obligations of the United States of America, agencies or instrumentalities of the United States of America. Investments are purchased, sold and repurchased in a manner to provide the desired rate of return and to provide resources to meet the bonded debt obligations. These investments are managed by the bond trustee and held by a custodian.

The Oregon State Treasurer maintains the Oregon Short Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon Investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The LGIP is not rated. At December 31, 2013, the fair value of the Authority's deposit with the LGIP approximates cost. The OSTF financial statements are available at <http://www.ost.state.or.us/>.

As part of the development of Quail Run Development Limited Partnership (Note 13), the Authority was required to invest in a certificate of deposit of \$27,000 in order to secure a letter of credit for the partnership. At December 31, 2013, the fair market value of this investment was \$34,289. This amount is included in the total of investments shown above.



# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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**Credit Risk** - State Statutes authorize the Authority to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The Authority has no formal investment policy that further restricts its investment choices.

**Concentration of Credit Risk** - The Authority is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Authority has no such investments.

**Interest Rate Risk** - The Authority has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates. No other investments held by the Authority are subject to interest rate risk.

### 5. RECEIVABLES:

Receivables of the Authority consist of the following:

Tenant Charges - These amounts represent charges to tenants for damages, rent and other miscellaneous items due to the Authority at December 31, 2013:

	Primary Government	Discretely Presented Component Units
Tenant rent receivable	\$ 583,490	\$ 97,027
Allowance for doubtful accounts	(498,597)	(63,573)
Net tenant receivables	<u>\$ 84,893</u>	<u>\$ 33,454</u>

Management expects these amounts for the current receivable to be collected within a 12-month period or it is considered to be uncollectible.

Grants - These amounts represent monies due to the Authority for the operating grants at December 31, 2013:

	Primary Government	Discretely Presented Component Units
Housing Retreat Program	\$ 14,510	\$ -
Affordable Housing Solutions	-	39,131
	<u>\$ 14,510</u>	<u>\$ 39,131</u>

Management expects to collect all amounts in 2014.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

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Receivables—Other - These amounts represent miscellaneous advances, fees, and reimbursements due to the primary government at December 31, 2013:

	Primary Government
Other Miscellaneous Receivables	
Due from HUD	\$ 187,081
Due from Discretely Presented Component Units (Note 13)	63,534
Development and management fees	129,736
	<u>\$ 380,351</u>

Management expects to collect all amounts in 2014.

### 6. CAPITAL ASSETS:

Major classes of capital assets of the Authority and activity for the year ended are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not depreciated:				
Land	\$ 8,194,470	\$ 1,038,850	\$ (1,929,854)	\$ 7,303,466
Construction in process	579,592	998,510	(1,215,588)	362,514
	<u>\$ 8,774,062</u>	<u>\$ 2,037,360</u>	<u>\$ (3,145,442)</u>	<u>\$ 7,665,980</u>
Capital assets depreciated:				
Building and improvements	\$ 42,828,927	\$ 349,291	\$ (476,454)	\$ 42,701,764
Equipment	858,271	69,270	(7,190)	920,351
	43,687,198	418,561	(483,644)	43,622,115
Less accumulated depreciation	(16,196,618)	(1,202,016)	294,892	(17,103,742)
	<u>27,490,580</u>	<u>(783,455)</u>	<u>(188,752)</u>	<u>26,518,373</u>
Total Capital Assets, net	<u>\$ 36,264,642</u>	<u>\$ 1,253,905</u>	<u>\$ (3,334,194)</u>	<u>\$ 34,184,353</u>

Capital asset activity for the Discretely Presented Component Units for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not depreciated:				
Land	\$ 5,012,359	\$ 1,079,262	\$ -	\$ 6,091,621
Construction in process	1,487,508	7,360,272	(1,487,508)	7,360,272
	<u>\$ 6,499,867</u>	<u>\$ 8,439,534</u>	<u>\$ (1,487,508)</u>	<u>\$ 13,451,893</u>
Capital assets depreciated:				
Building and improvements	\$ 47,461,594	\$ 7,723,520	\$ -	\$ 55,185,114
Equipment	506,442	188,635	-	695,077
	47,968,036	7,912,155	-	55,880,191
Less accumulated depreciation	(7,579,517)	(2,056,200)	-	(9,635,717)
	<u>40,388,519</u>	<u>5,855,955</u>	<u>\$ -</u>	<u>46,244,474</u>
Total Capital Assets, net	<u>\$ 46,888,386</u>	<u>\$ 14,295,489</u>	<u>\$ (1,487,508)</u>	<u>\$ 59,696,367</u>

Capital assets are accounted for in the individual programs in which the assets were purchased. The following is a summary of fixed asset activity by program for the Primary Government:

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

	Beginning Balance	Additions	Deletions	Ending Balance
Public Housing	\$ 193,695	\$ -	\$ -	\$ 193,695
Section 8 - Vouchers	76,919	-	-	76,919
Anderson Vista Apartments	2,584,127	-	-	2,584,127
Patio Village Apartments	1,992,873	-	-	1,992,873
Rose Garden Apartments	217,716	-	-	217,716
Sunnyslope Apartments	1,410,107	24,345	-	1,434,452
Lilac Meadow Apartments	5,523,872	-	-	5,523,872
Local Program	3,141,107	2,095,797	(3,002,331)	2,234,573
Willow Glen Apartments	4,513,452	30,706	-	4,544,158
Southernaire/West Pine Apartments	4,535,587	-	-	4,535,587
Royal Apartments	4,712,283	183,928	(76,156)	4,820,055
Series '96	3,190,868	75,649	-	3,266,517
Table Rock Apartments	1,445,238	-	-	1,445,238
Multi-Family Housing	4,489,082	-	-	4,489,082
Housing Retreat	1,496,411	-	-	1,496,411
Penny Lane Apartments	1,510,436	-	-	1,510,436
Elk Street Apartments	952,576	-	-	952,576
Finley Square Apartments	4,223,917	-	-	4,223,917
Single Family Housing	2,450,963	45,496	(550,599)	1,945,860
The Grand Apartments	1,783,270	-	-	1,783,270
Jade East Apartments	1,036,009	-	-	1,036,009
Rivertree Apartments	980,752	-	-	980,752
	<u>\$ 52,461,260</u>	<u>\$ 2,455,921</u>	<u>\$ (3,629,086)</u>	<u>51,288,095</u>
Less: Accumulated depreciation				<u>(17,103,742)</u>
Net Capital Assets				<u>\$ 34,184,353</u>

During 2013, the Authority transferred ownership of capital assets totaling \$2,216,445 to Cherry Creek Part I, LLC. See Note 13.

The Authority records depreciation on the straight-line method over estimated useful lives ranging from five to forty years. The following is a summary of depreciation reported for the current year:

	Primary Government
Buildings and improvements	\$ 1,136,005
Equipment	66,011
Total Depreciation Expense	<u>\$ 1,202,016</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### 7. TENANT SECURITY DEPOSITS:

The following is a summary of deposits held and payable to tenants upon termination of rental contracts at December 31, 2013:

	<u>Primary Government</u>	
Anderson Vista Apartments	\$ 14,410	
Patio Village Apartment	25,668	
Rose Garden Apartments	3,174	
Sunnyslope Apartment	13,714	
Lilac Meadow Apartments	18,446	
Willow Glen Apartments	41,509	
Southernaire/West Pine Apartments	60,236	
Royal Apartments	46,813	
Series '96	22,017	
Table Rock Apartments	12,619	
Multi-Family Housing	35,143	
Housing Retreat	9,834	
Penny Lane Apartments	5,399	
Elk Street Apartments	6,000	
Finley Square Apartments	32,238	
Single Family Housing	25,512	
Grand Apartments	4,806	
Jade East Apartments	10,714	
Rivertree Apartments	10,303	
Total Security Deposits	<u>\$ 398,555</u>	

#### Discretely Presented Component Units

Canterbury Hills	\$ 26,263
Freedom & Liberty	21,631
Lilac Meadow Phase II	18,633
Maple Terrace	43,148
Quail Run	9,991
Rogue River Estates	27,784
Scenic Heights	24,981
Snowberry Brook	30,953
Total Security Deposits	<u>\$ 203,384</u>

In addition, the Authority maintains deposits for tenants under the Family Self Sufficiency program, whereby tenants may accumulate monies to eventually leave the Section 8 program. At December 31, 2013 the Authority held the following deposits:

Section 8 - Voucher	<u>\$ 90,572</u>
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### 8. LINE OF CREDIT:

The Housing Authority has a \$250,000 unused, unsecured line of credit available with a local financial institution. The line, which matures on November 15, 2014, had a zero balance at December 31, 2013.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### 9. LONG-TERM DEBT:

For the year ending December 31, 2013, the Authority completed the following long-term debt transactions:

#### MORTGAGES PAYABLE:

	Beginning Balance	New Issue	Retirements	Ending Balance	Due Within One Year
<u>Anderson Vista Apartments</u>					
FHA 83-002	\$ 654,198	\$ -	\$ 36,599	\$ 617,599	\$ 36,967
<u>Patio Village Apartments</u>					
FHA 84-001	458,520	-	4,025	454,495	4,348
FHA 84-002	30,432	-	267	30,165	289
FHA 84-003	331,634	-	2,911	328,723	3,145
FHA 84-004	301,520	-	2,646	298,874	2,859
FHA 84-005	22,752	-	200	22,552	216
FHA 84-006	319,213	-	2,802	316,411	3,026
<u>Rose Garden Apartments</u>					
FHA 84-001	112,911	-	1,055	111,856	1,134
FHA 84-002	15,614	-	145	15,469	156
FHA 84-003	64,849	-	603	64,246	648
<u>Sunnyslope Apartments</u>					
Rural Development	918,244	-	11,102	907,142	12,084
<u>Lilac Meadow Apartments</u>					
Rural Development 001	746,146	-	27,865	718,281	28,145
Rural Development 003	465,046	-	17,367	447,679	17,542
Rural Development 007	58,943	-	2,201	56,742	2,223
Rural Development 008	58,485	-	2,184	56,301	2,206
<u>Local Program</u>					
AmericanWest Bank 2	-	280,000	-	280,000	-
AmericanWest Bank 1	400,000	-	-	400,000	400,000
<u>Willow Glen Apartments</u>					
JP Morgan Chase	1,967,879	2,100,000	1,999,346	2,068,533	44,034
<u>Table Rock Apartments</u>					
JP Morgan Chase	554,217	-	24,118	530,099	25,131
<u>Penny Lane Apartments</u>					
Sterling Savings Bank 01	400,899	-	8,630	392,269	9,416
Sterling Savings Bank 02	90,373	-	2,121	88,252	2,280
<u>Finley Square Apartments</u>					
AmericanWest Bank	3,449,991	-	37,891	3,412,100	492,100
<u>The Grand Apartments</u>					
AmericanWest Bank	624,009	-	16,297	607,712	18,388
<u>Blended Component Units</u>					
Jade East Apartments	4,744	-	4,744	-	-
Rivertree Apartments	42,597	-	23,706	18,891	18,891
<b>TOTALS</b>	<b>\$12,093,216</b>	<b>\$ 2,380,000</b>	<b>\$ 2,228,825</b>	<b>\$12,244,391</b>	<b>\$ 1,125,228</b>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

The changes in the Authority's discretely presented component unit mortgage and notes payable during 2013 are as follows:

	Beginning Balance	New Issue	Retirements	Ending Balance	Due Within One Year
Canterbury Hills Mortgage Loan	\$ 1,346,821	\$ -	\$ 13,304	\$ 1,333,517	\$ 14,302
Cherry Creek Construction Loan	-	5,072,570	-	5,072,570	-
Freedom and Liberty Construction Loan	318,858	2,355,632	-	2,674,490	-
Lilac Meadow Mortgage Loan	738,891	-	22,655	716,236	23,340
Maple Terrace Mortgage Loan	3,367,270	-	33,955	3,333,315	35,571
Quail Run Mortgage Loan	850,447	-	8,729	841,718	9,258
Scenic Heights Mortgage Loan	1,769,493	-	49,273	1,720,220	50,223
Snowberry Brook Mortgage Loan	2,498,946	-	52,739	2,446,207	54,478
<b>TOTALS</b>	<b>\$10,890,726</b>	<b>\$ 7,428,202</b>	<b>\$ 180,655</b>	<b>\$ 18,138,273</b>	<b>\$ 187,172</b>

In January 2014, the Freedom and Liberty construction loan was paid in full by capital contributions from the investor member and by a loan from Network for Oregon Affordable Housing (NOAH) in the amount of \$1,268,966. The NOAH loan has a 20 year term with a 30 year amortization period. Interest rate on the NOAH loan will be 2.5% per annum.

During 2014, the Cherry Creek construction loan will be paid in full by capital contributions from the investor member and by a loan from Network for Oregon Affordable Housing (NOAH) in the amount of \$2,000,000. The NOAH loan will have a 20 year term.

### BONDS PAYABLE:

The changes in the Authority's revenue bonds during 2013 are as follows:

	Beginning Balance	New Issue	Retirements	Ending Balance	Due Within One Year
Series '96 Bonds	\$ 1,095,631	\$ -	\$ 53,684	\$ 1,041,947	\$ 55,424
Southernair/West Pine Apts Bonds	3,412,500	-	141,250	3,271,250	145,000
Less bond issuance discount	(82,957)	-	(5,530)	(77,427)	(5,530)
Royal Apartments Bonds	3,119,307	-	165,385	2,953,922	171,564
<b>TOTALS</b>	<b>\$ 7,544,481</b>	<b>\$ -</b>	<b>\$ 354,789</b>	<b>\$ 7,189,692</b>	<b>\$ 366,458</b>

Original issue discount was recognized on the issue of bonds payable, including the bonds that were retired in 2013. Amortization of bond discounts and premiums are recorded with interest expense as part of non-operating revenues and expenses. The costs are amortized over the life of the related debt.

The changes in the Authority's discretely presented component unit revenue bond during 2013 are as follows:

	Beginning Balance	New Issue	Retirements	Ending Balance	Due Within One Year
Rogue River Estates Bond Payable	\$ 5,067,102	\$ -	\$ 102,443	\$ 4,964,659	\$ 108,153

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### 10. FUTURE REQUIREMENTS - LONG-TERM DEBT:

The annual requirements to amortize all long-term debt outstanding for the primary government as of December 31, 2013 are as follows:

#### Anderson Vista

Due Date	August 1, 2029
Original amount	\$ 1,181,620
Unpaid principal	\$ 617,599
Interest rate	1.00%
Annual payment	\$ 42,974
Term	33 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 36,967	\$ 6,007	\$ 42,974
2015	37,338	5,636	42,974
2016	37,713	5,261	42,974
2017	38,092	4,882	42,974
2018	38,475	4,499	42,974
2019-2023	198,251	16,619	214,870
2024-2028	208,411	6,459	214,870
2029	22,351	66	22,417
	<u>\$ 617,599</u>	<u>\$ 49,429</u>	<u>\$ 667,028</u>

#### Patio Village - 84-001

Due Date	December 18, 2042
Original amount	\$ 497,873
Unpaid principal	\$ 454,495
Interest rate	7.75%
Annual payment	\$ 39,420
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,348	\$ 35,072	\$ 39,420
2015	4,697	34,723	39,420
2016	5,074	34,346	39,420
2017	5,482	33,938	39,420
2018	5,922	33,498	39,420
2019-2023	37,556	159,544	197,100
2024-2028	55,263	141,837	197,100
2029-2033	81,316	115,784	197,100
2034-2038	119,654	77,446	197,100
2039-2042	135,183	22,498	157,681
	<u>\$ 454,495</u>	<u>\$ 688,686</u>	<u>\$ 1,143,181</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### Patio Village - 84-002

Due Date	December 18, 2042
Original amount	\$ 33,045
Unpaid principal	\$ 30,165
Interest rate	7.75%
Annual payment	\$ 2,616
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 289	\$ 2,327	\$ 2,616
2015	312	2,304	2,616
2016	337	2,279	2,616
2017	364	2,252	2,616
2018	393	2,223	2,616
2019-2023	2,494	10,586	13,080
2024-2028	3,669	9,411	13,080
2029-2033	5,399	7,681	13,080
2034-2038	7,945	5,135	13,080
2039-2042	8,963	1,501	10,464
	<u>\$ 30,165</u>	<u>\$ 45,699</u>	<u>\$ 75,864</u>

### Patio Village - 84-003

Due Date	December 18, 2042
Original amount	\$ 360,098
Unpaid principal	\$ 328,723
Interest rate	7.75%
Annual payment	\$ 28,512
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,145	\$ 25,367	\$ 28,512
2015	3,397	25,115	28,512
2016	3,670	24,842	28,512
2017	3,965	24,547	28,512
2018	4,283	24,229	28,512
2019-2023	27,164	115,396	142,560
2024-2028	39,971	102,589	142,560
2029-2033	58,816	83,744	142,560
2034-2038	86,545	56,015	142,560
2039-2042	97,767	16,283	114,050
	<u>\$ 328,723</u>	<u>\$ 498,127</u>	<u>\$ 826,850</u>



# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### Patio Village - 84-004

Due Date	December 18, 2042
Original amount	\$ 327,394
Unpaid principal	\$ 298,874
Interest rate	7.75%
Annual payment	\$ 25,921
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,859	\$ 23,062	\$ 25,921
2015	3,088	22,833	25,921
2016	3,336	22,585	25,921
2017	3,604	22,317	25,921
2018	3,894	22,027	25,921
2019-2023	24,693	104,912	129,605
2024-2028	36,335	93,270	129,605
2029-2033	53,465	76,140	129,605
2034-2038	78,671	50,934	129,605
2039-2042	88,929	14,757	103,686
	<u>\$ 298,874</u>	<u>\$ 452,837</u>	<u>\$ 751,711</u>

### Patio Village - 84-005

Due Date	December 18, 2042
Original amount	\$ 24,704
Unpaid principal	\$ 22,552
Interest rate	7.75%
Annual payment	\$ 1,956
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 216	\$ 1,740	\$ 1,956
2015	233	1,723	1,956
2016	251	1,705	1,956
2017	272	1,684	1,956
2018	294	1,662	1,956
2019-2023	1,862	7,918	9,780
2024-2028	2,740	7,040	9,780
2029-2033	4,032	5,748	9,780
2034-2038	5,934	3,846	9,780
2039-2042	6,718	1,106	7,824
	<u>\$ 22,552</u>	<u>\$ 34,172</u>	<u>\$ 56,724</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### Patio Village - 84-006

Due Date	December 18, 2042
Original amount	\$ 346,607
Unpaid principal	\$ 316,411
Interest rate	7.75%
Annual payment	\$ 27,442
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,026	\$ 24,416	\$ 27,442
2015	3,270	24,172	27,442
2016	3,532	23,910	27,442
2017	3,816	23,626	27,442
2018	4,122	23,320	27,442
2019-2023	26,143	111,067	137,210
2024-2028	38,468	98,742	137,210
2029-2033	56,604	80,606	137,210
2034-2038	83,291	53,919	137,210
2039-2042	94,139	15,632	109,771
	<u>\$ 316,411</u>	<u>\$ 479,410</u>	<u>\$ 795,821</u>

### Rose Garden Apartments - 84-001

Due Date	June 8, 2043
Original amount	\$ 123,545
Unpaid principal	\$ 111,856
Interest rate	7.25%
Annual payment	\$ 9,207
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,134	\$ 8,073	\$ 9,207
2015	1,219	7,988	9,207
2016	1,310	7,897	9,207
2017	1,409	7,798	9,207
2018	1,514	7,693	9,207
2019-2023	9,455	36,580	46,035
2024-2028	13,571	32,464	46,035
2029-2033	19,480	26,555	46,035
2034-2038	27,960	18,075	46,035
2039-2043	34,804	5,993	40,797
	<u>\$ 111,856</u>	<u>\$ 159,116</u>	<u>\$ 270,972</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### Rose Garden Apartments - 84-002

Due Date	June 8, 2043
Original amount	\$ 17,075
Unpaid principal	\$ 15,469
Interest rate	7.25%
Annual payment	\$ 1,272
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 156	\$ 1,116	\$ 1,272
2015	168	1,104	1,272
2016	180	1,092	1,272
2017	194	1,078	1,272
2018	208	1,064	1,272
2019-2023	1,301	5,059	6,360
2024-2028	1,868	4,492	6,360
2029-2033	2,681	3,679	6,360
2034-2038	3,848	2,512	6,360
2039-2043	4,865	846	5,711
	<u>\$ 15,469</u>	<u>\$ 22,042</u>	<u>\$ 37,511</u>

### Rose Garden Apartments -84-003

Due Date	June 8, 2043
Original amount	\$ 70,912
Unpaid principal	\$ 64,246
Interest rate	7.25%
Annual payment	\$ 5,284
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 648	\$ 4,636	\$ 5,284
2015	696	4,588	5,284
2016	748	4,536	5,284
2017	805	4,479	5,284
2018	865	4,419	5,284
2019-2023	5,399	21,021	26,420
2024-2028	7,750	18,670	26,420
2029-2033	11,124	15,296	26,420
2034-2038	15,966	10,454	26,420
2039-2043	20,245	3,544	23,789
	<u>\$ 64,246</u>	<u>\$ 91,643</u>	<u>\$ 155,889</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### Lilac Meadow 001

Due Date	October 1, 2036
Original amount	\$ 950,769
Unpaid principal	\$ 718,281
Interest rate	1.00%
Annual payment	\$ 35,199
Term	32 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 28,145	\$ 7,054	\$ 35,199
2015	28,427	6,772	35,199
2016	28,713	6,486	35,199
2017	29,001	6,198	35,199
2018	29,293	5,906	35,199
2019-2023	150,937	25,058	175,995
2024-2028	158,673	17,322	175,995
2029-2033	166,804	9,191	175,995
2034-2036	98,288	1,436	99,724
	<u>\$ 718,281</u>	<u>\$ 85,423</u>	<u>\$ 803,704</u>

### Lilac Meadow 003

Due Date	October 1, 2036
Original amount	\$ 592,579
Unpaid principal	\$ 447,679
Interest rate	1.0%
Annual payment	\$ 21,938
Term	32 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 17,542	\$ 4,396	\$ 21,938
2015	17,718	4,220	21,938
2016	17,896	4,042	21,938
2017	18,076	3,862	21,938
2018	18,257	3,681	21,938
2019-2023	94,073	15,617	109,690
2024-2028	98,895	10,795	109,690
2029-2033	103,963	5,727	109,690
2034-2036	61,259	898	62,157
	<u>\$ 447,679</u>	<u>\$ 53,238</u>	<u>\$ 500,917</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### Lilac Meadow 007

Due Date	October 1, 2036
Original amount	\$ 75,107
Unpaid principal	\$ 56,742
Interest rate	1.0%
Annual payment	\$ 2,780
Term	32 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,223	\$ 557	\$ 2,780
2015	2,246	534	2,780
2016	2,268	512	2,780
2017	2,291	489	2,780
2018	2,314	466	2,780
2019-2023	11,923	1,977	13,900
2024-2028	12,534	1,366	13,900
2029-2033	13,177	723	13,900
2034-2036	7,766	116	7,882
	<u>\$ 56,742</u>	<u>\$ 6,740</u>	<u>\$ 63,482</u>

### Lilac Meadow 008

Due Date	October 1, 2036
Original amount	\$ 75,026
Unpaid principal	\$ 56,301
Interest rate	1.00%
Annual payment	\$ 2,759
Term	32 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,206	\$ 553	\$ 2,759
2015	2,228	531	2,759
2016	2,251	508	2,759
2017	2,273	486	2,759
2018	2,296	463	2,759
2019-2023	11,831	1,964	13,795
2024-2028	12,437	1,358	13,795
2029-2033	13,074	721	13,795
2034-2036	7,705	113	7,818
	<u>\$ 56,301</u>	<u>\$ 6,697</u>	<u>\$ 62,998</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### Series '96 Program Bond Payable

Due Date	November 1, 2027
Original amount	\$1,100,000
Unpaid principal	\$1,041,947
Interest rate	4.38%
Annual Payment	\$ 100,603
Term	15 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 55,424	\$ 45,179	\$ 100,603
2015	57,936	42,667	100,603
2016	60,446	40,157	100,603
2017	63,302	37,301	100,603
2018	66,171	34,432	100,603
2019-2023	378,558	124,457	503,015
2024-2027	360,110	32,960	393,070
	<u>\$ 1,041,947</u>	<u>\$ 357,153</u>	<u>\$ 1,399,100</u>

### Willow Glen Apartments

Due Date	March 1, 2018
Original Amount	\$ 2,100,000
Unpaid principal	\$ 2,068,533
Interest rate	5.35%
Annual payment	\$ 153,636
Term	5 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 44,034	\$ 109,602	\$ 153,636
2015	46,448	107,188	153,636
2016	48,995	104,641	153,636
2017	51,682	101,954	153,636
2018	1,877,374	25,051	1,902,425
	<u>\$ 2,068,533</u>	<u>\$ 448,436</u>	<u>\$ 2,516,969</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### Table Rock Apartments Program

Due Date	May 1, 2019
Original amount	\$ 800,000
Unpaid principal	\$ 530,099
Interest rate	4.125%
Annual payment	\$ 46,526
Term	20 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 25,131	\$ 21,395	\$ 46,526
2015	26,188	20,338	46,526
2016	27,289	19,237	46,526
2017	28,436	18,090	46,526
2018	29,631	16,895	46,526
2019	393,424	4,111	397,535
	<u>\$ 530,099</u>	<u>\$ 100,066</u>	<u>\$ 630,165</u>

### Local Program

Due Date	June 21, 2014
Original amount	\$ 400,000
Unpaid principal	\$ 400,000
Interest rate	5.50%
Term	2 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	<u>\$ 400,000</u>	<u>\$ 9,000</u>	<u>\$ 409,000</u>

### Local Program

Due Date	February 18, 2015
Original amount	\$ 280,000
Unpaid principal	\$ 280,000
Interest rate	4.50%
Term	2 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ 12,600	\$ 12,600
2015	280,000	2,100	282,100
	<u>\$ 280,000</u>	<u>\$ 14,700</u>	<u>\$ 294,700</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### Southernaire/West Pine Apartments Bonds Payable

Due Date	December 1, 2028
Original amount	\$ 4,850,000
Unpaid principal	\$ 3,271,250
Interest rate	4.0-5.5%
Annual payment	N/A
Term	30 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 145,000	\$ 180,400	\$ 325,400
2015	155,000	172,425	327,425
2016	165,000	163,900	328,900
2017	170,000	154,825	324,825
2018	180,000	145,475	325,475
2019-2023	1,065,000	567,050	1,632,050
2024-2028	1,391,250	239,250	1,630,500
	<u>\$ 3,271,250</u>	<u>\$ 1,623,325</u>	<u>\$ 4,894,575</u>

### Royal Apartments Bond Payable

Due Date	July 1, 2027
Original amount	\$3,200,000
Unpaid principal	\$2,953,922
Interest rate	3.76%
Annual payment	\$ 281,037
Term	15 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 171,564	\$ 109,473	\$ 281,037
2015	178,075	102,962	281,037
2016	184,834	96,203	281,037
2017	191,849	89,188	281,037
2018	199,130	81,907	281,037
2019-2023	1,114,919	290,266	1,405,185
2024-2027	913,551	70,079	983,630
	<u>\$ 2,953,922</u>	<u>\$ 840,078</u>	<u>\$ 3,794,000</u>



# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### Penny Lane Apartments 01

Due Date	December 5, 2026
Original amount	\$ 440,000
Unpaid principal	\$ 392,269
Interest rate	4.77%
Annual Payment	\$ 27,828
Term	19 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 9,416	\$ 18,412	\$ 27,828
2015	9,875	17,953	27,828
2016	10,357	17,471	27,828
2017	10,862	16,966	27,828
2018	11,391	16,437	27,828
2019-2023	65,850	73,290	139,140
2024-2026	274,518	35,489	310,007
	<u>\$ 392,269</u>	<u>\$ 196,018</u>	<u>\$ 588,287</u>

### Penny Lane Apartments 02

Due Date	October 5, 2027
Original amount	\$ 100,000
Unpaid principal	\$ 88,252
Interest rate	4.17%
Annual Payment	\$ 5,901
Term	20 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 2,280	\$ 3,621	\$ 5,901
2015	2,377	3,524	5,901
2016	2,478	3,423	5,901
2017	2,583	3,318	5,901
2018	2,693	3,208	5,901
2019-2023	15,284	14,221	29,505
2024-2027	60,557	8,814	69,371
	<u>\$ 88,252</u>	<u>\$ 40,129</u>	<u>\$ 128,381</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### Finley Square Apartments

Due Date	December 15, 2023
Original amount	\$ 3,600,000
Unpaid principal	\$ 3,412,000
Interest rate	4.87%
Term	10 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 492,100	\$ 168,385	\$ 660,485
2015	36,000	166,252	202,252
2016	36,000	164,567	200,567
2017	36,000	161,986	197,986
2018	36,000	158,625	194,625
2019-2023	2,776,000	768,921	3,544,921
	<u>\$ 3,412,100</u>	<u>\$ 1,588,736</u>	<u>\$ 5,000,836</u>

The current debt on Finley Square was set to mature on December 15, 2013. A 60-day extension was granted. The Authority refinanced the debt with the current lender, AmericanWest Bank on February 28, 2014. The bank refinanced under the following terms: \$2,950,000 for ten years at LIBOR plus 2.25%. In connection with the loan terms, the Authority will enter into an interest rate swap for ten years. The interest rate swap agreement was confirmed in March 2014. In essence, the swap will fix the interest rate on the loan at 5.28% and will require monthly payments of principal of \$3,000 plus interest. The termination date of the swap is December 15, 2023. The table above is based on the terms of the refinancing using information provided by the lender.

### The Grand Apartments

Due Date	May 15, 2019
Original amount	\$ 680,000
Unpaid principal	\$ 607,712
Interest rate	4.65%
Term	10 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 18,388	\$ 27,729	\$ 46,117
2015	19,500	26,843	46,343
2016	19,500	25,916	45,416
2017	19,500	24,944	44,444
2018	19,500	23,925	43,425
2019	511,324	9,657	520,981
	<u>\$ 607,712</u>	<u>\$ 139,014</u>	<u>\$ 746,726</u>

The Grand Apartments debt was refinanced on February 28, 2014. The new arrangement with the current lender, AmericanWest Bank establishes a variable interest rate which is determined not more than monthly using 2.250 percentage points over the one month London Inter-Bank Offer Rate (LIBOR). Additionally, the Authority entered into an interest rate swap during March 2014 that, in essence, will fix the interest rate on the loan at 4.24% and will require monthly payments of principal of \$1,625 plus interest. The termination date of the swap is May 15, 2019. The table above is based on the terms of the refinancing using information provided by the lender.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

### Rivertree Apartments

Due Date	2014
Unpaid principal	\$ 18,891
Interest rate	7.00%
Annual payment	\$ 25,936

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 18,891	\$ 561	\$ 19,452

### Sunnyslope Apartments

Due Date	February 1, 2038
Unpaid principal	\$ 907,142
Interest rate	8.5%
Annual payment	\$ 88,727
Term	50 years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 12,084	\$ 76,643	\$ 88,727
2015	13,152	75,575	88,727
2016	14,315	74,412	88,727
2017	15,580	73,147	88,727
2018	16,957	71,770	88,727
2019-2023	110,099	333,536	443,635
2024-2028	168,155	275,480	443,635
2029-2033	256,823	186,812	443,635
2034-2038	299,976	54,932	354,908
	<u>\$ 907,141</u>	<u>\$ 1,222,307</u>	<u>\$ 2,129,448</u>

The Sunnyslope Apartments property has an interest subsidy and rental assistance agreement with RD which provides for an interest credit on the mortgage, reducing the effective interest rate to one percent over the life of the mortgage. In addition, when the property charges rent in excess of the basic rate approved by RD, such excess rent ("overage") is remitted to RD as additional interest. The monthly interest subsidy is \$5,212. Although the Interest Credit and Rental Assistant Agreements will reduce the effective interest rate to one percent over the term of the mortgage, the effective interest rate will approximate 2.5% during the initial years of the mortgage. Interest expense, as a percentage of the outstanding mortgage balance will decline over the term of the mortgage as gross interest paid, based on the stated interest rate, declines and the Interest Credit amount remains constant.

Total interest cost incurred for the year for the primary government, including fiscal charges, was \$1,007,290. Of this amount, \$23,186 was capitalized as part of development costs included in construction in process at year end. The remaining portion of \$984,734 was expensed.

For the discretely presented component units, total interest cost incurred in 2013 was \$937,311. For the year, \$122,239 was capitalized and \$815,072 was expensed.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### 11. DEFERRED COMPENSATION:

A deferred compensation plan is authorized and made available to Authority employees wherein they may execute an individual agreement with the Authority for amounts earned by them not to be paid until a future date when certain conditions are met. These conditions are: termination by death, disability, resignation or retirement. The deferred compensation plan is one which is authorized under IRC Section 457 and regulations thereunder.

Monies accumulated by the Authority under this plan are deposited with The Hartford, Inc. These deposits are accounted for in the name of the individual and the Authority serves as trustee. Per Oregon Revised Statutes, these funds are not available to general creditors and thereby not recorded in the books of the Authority.

### 12. RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority is a member of the Housing Authorities Risk Retention Pool (HARRP), a risk pool currently operating as a common risk management and insurance program for approximately 93 public housing authorities throughout the Northwest and California. HARRP is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of predetermined limits for each insured event. Risks insured for Authority properties include blanket coverage for buildings and business personal property of approximately \$64 million. The Authority also insures risk for general liability, errors and omissions and fidelity coverage. The policies carry a small deductible amount.

### 13. RELATED PARTY TRANSACTIONS:

The Authority has entered into related party transactions with its tax credit partnership discretely presented component units. The Authority is the General Partner in Lilac Meadow Phase II Limited Partnership, Quail Run Development Limited Partnership, Maple Terrace Development Limited Partnership, and Scenic Heights Development Limited Partnership, all low-income housing tax credit projects. The Authority is also the managing member of Snowberry Brook LLC, Rogue River Apartments, LLC, Freedom and Liberty Development, LLC, Cherry Creek Part I, LLC and Canterbury Hills LLC, also low-income housing tax credit projects. The nature of these transactions is as follows:

#### a) Investment in Limited Partnerships:

The total Investment in Limited Partnerships reported on the Statement of Net Position includes Sunnyslope Apartments Limited Partnership and Willow Glen Limited Partnership, which are a part of the Authority's primary government. In 2012, the Authority assumed the controlling interest of the Sunnyslope and Willow Glen Partnerships through assignment and assumption of the general and limited partner. Additionally, the Authority formed separate Limited Liability Corporations for each of these partnerships of which the Authority is the sole member.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

At December 31, 2013, the balance was as follows:

	January 1, 2013		December 31,
Investment in Limited Partnerships:	Balance	2013 Activity	2013 Balance
Rogue River Apartments, LLC	\$ 35,131	8	\$ 35,139
Scenic Heights Development Limited Partnership	12,009	(27)	11,982
Maple Terrace Development Limited Partnership	17,704	(44)	17,660
Cherry Creek Part I LLC	-	100	100
Sunnyslope Apartments Limited Partnership	40,000	(8,632)	31,368
Willow Glen Limited Partnership	46,875	-	46,875
	<u>\$ 151,719</u>	<u>\$ (8,595)</u>	<u>\$ 143,124</u>

Other than the investments listed in the schedule immediately above, all transaction between the Authority and Sunnyslope Apartments and Willow Glen limited partnerships have been eliminated in the course of the preparation of the accompanying financial statements.

b) Developer Fees/Receivable Payable:

The Authority has earned developer fees while the component unit projects were being developed. The agreements state that if the component unit has not paid the fee by a specified date, the developer fee earned may be reclassified as an additional contribution from the Authority. The Authority recorded developer fee revenue from discretely presented component units of \$1,507,770 for the year ending December 31, 2013. Of the \$1,504,922 in developer fee receivables from component units, \$975,600 is displayed as a current receivable to be paid from investor equity contributions in 2014.

c) Notes Receivable/Payable:

The Authority made certain loans to component units used to acquire capital assets that provide low income housing. These loans are payable from revenues generated by the component unit. Notes receivables owed to the Authority by the component units currently outstanding are as follows:

Purpose	Original Amount	Issue Date	Maturity Date	Interest Rate	Amount Outstanding
Rogue River Estates OHCS	\$ 700,000	7/7/2008	12/31/2038	1.00%	\$ 151,899
Snowberry Brook LLC HAJC	1,100,000	4/12/2010	4/1/2050	0.50%	831,056
Snowberry Brook LLC Trust funds	710,367	6/13/2011	4/1/2050	0.50%	710,367
Canterbury Hills LLC HOME	600,000	7/6/2012	12/31/2042	1.50%	511,720
Quail Run Trust funds	15,000	6/19/2006	12/31/2045	4.90%	15,000
Cherry Creek NSP	1,000,000	5/22/2013	5/22/2053	0.50%	1,000,000
Maple Terrace Trust funds	65,000	11/13/2006	12/31/2036	4.90%	65,000
Maple Terrace HOME funds	600,000	1/15/2008	12/31/2036	4.90%	600,000
Maple Terrace CDBG	92,250	10/3/2007	12/31/2036	4.90%	92,250
Maple Terrace OHCS	95,848	11/20/2007	12/31/2036	4.90%	95,848
Lilac Meadow HOME funds	450,000	10/6/2005	12/31/2034	5.00%	450,000
Lilac Meadow Trust funds	100,000	2/9/2004	12/31/2034	3.00%	100,000
Lilac Meadow Outside reserve	39,000	12/27/2007	12/31/2034	5.01%	39,000
Scenic Heights Trust fund/WX	200,000	8/13/2009	9/1/2031	4.58%	200,000
					<u>\$ 4,862,140</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

Receivables and payables between the Authority and the component units are summarized in the following table:

	Due from Component units	Current payable due to the Authority	Long-term Due to the Authority
Loans	\$ 4,862,140	\$ -	\$ 4,862,140
Developer Fees	1,504,922	975,600	529,322
Partnership Admin Fee	256,138	-	256,138
Interest	613,540	-	613,540
Development advance	6,318	6,318	-
Operating advances	57,216	57,216	-
	<u>\$ 7,300,274</u>	<u>\$ 1,039,134</u>	<u>\$ 6,261,140</u>

The loans receivable, and corresponding interest, represent grant funds received by the Authority from various awarding agencies for development of the projects that were loaned to the tax credit partnerships. These long-term receivables are payable to the Authority only to the extent that cash flow is available from the tax credit partnerships and in the order prescribed in the operating agreements for each partnership. Interest income of \$101,078 was earned in 2013 from the tax credit partnerships. In accordance with agreements, the developer fee is split between current and long-term receivables/payables.

Additionally, the Authority earns management fees for managing the affairs of the component units. Generally, the management fees are payable from revenues generated by the component unit. In 2013, the Authority recorded management fee and administration fee income from the tax credit partnerships totaling \$245,034. The operating advances represent short term receivables related to operating activity. They are categorized with the development advance of \$6,318 on the face of the Statement of Net Position as *Other miscellaneous receivables*.

Component Units projects' budgets are designed to be self-reliant. However, if projects are unable to meet expectations, the Authority is obliged to assist them using the local revenue streams to supplement any shortfalls. These loans are payable from future revenues generated by the component units or from proceeds of sales.

d) Development Activity:

On May 23, 2013, financing closed for the 50-unit low-income housing tax credit project in Medford, Oregon known as Cherry Creek Part I, LLC. On that date, land of \$1.1 million and pre-development costs of \$1.12 million were transferred from the books of the Authority to the LLC. Construction on the project began soon after and was completed in the spring of 2014.

#### 14. NET POSITION:

Net position is comprised of three components: 1) Net investment in capital assets, 2) Restricted net position and 3) Unrestricted net position. Net investment in capital assets represents capital assets net of accumulated depreciation and reduced by outstanding debt. Restricted net position represents amounts that are reported as restricted due to external constraints placed on the use of the net position by creditors, grantors, regulators or by legislation. Unrestricted net position includes residual amounts not classified as net investment in capital assets or restricted.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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Restricted net position is comprised as follows:

	Primary Government	Discretely Presented Component Units
Restricted reserve accounts (Note 3)	\$ 4,111,769	\$ 1,494,782
Restricted investments (Note 4)	961,423	-
Total Restricted Assets	5,073,192	1,494,782
Less:		
Payable to HUD for interest earned on Restricted Assets included in Other Payables	(7,683)	-
FSS tenant escrow deposits	(90,572)	-
Restricted Net Position	<u>\$ 4,974,937</u>	<u>\$ 1,494,782</u>

Management has implemented GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow 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 December 31, 2013, the Authority had no deferred inflows or deferred outflows of resources.

### 15. OPERATING LEASES:

The Authority leases copiers and printers under non-cancelable operating leases. Total costs for such leases were \$7,511 for the year ended December 31, 2013. The future minimum lease payments for these leases are as follows:

2014	\$ 6,654
2015	<u>2,172</u>
	<u>\$ 8,826</u>

### 16. SUBSEQUENT EVENTS:

#### a) Sixth & Grape Land Development

During negotiations with the City of Medford related to the Cherry Creek project development, the Authority received a piece of property located in downtown Medford for future development. During 2013, the Authority created a limited liability company, Sixth & Grape Development LLC, of which it is the only member. The sole purpose of the LLC is to obtain the exchange property and hold the property for future development. The Authority paid the City \$150,000 for costs associated with the transfer. The exchange was completed on November 20, 2013. The Authority recorded a loss of \$172,000 on the exchange of property. The property the Authority received in the exchange was valued and recorded on the books of the Authority at \$477,717.

A loan of \$400,000 obtained in 2010 that was used for the purchase of the land that was exchanged with the City, is now attached to the downtown property. At December 31, 2013, the Authority had incurred development costs of \$106,657 for this project and had paid \$64,968 in interest holding costs on the loan since origination.

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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b) Parkview Terrace Development

On April 29, 2013, the Authority created a limited liability company, Parkview Terrace Development LLC, of which it is the only member. The sole purpose of the LLC is to purchase and hold property located in Grants Pass, Oregon for future development. The property was purchased on July 24, 2013 for \$564,548. A loan in the name of the LLC was obtained from a financial institution on July 18, 2013 for \$280,000 and applied towards the purchase price. The remainder of the purchase price was paid in cash by the Authority. The loan has an interest rate of 4.5% and is set to mature on February 18, 2015. Monthly interest only payments began in August 2013 and will continue up to maturity. A funding reservation from the state of Oregon who administers the tax credit program was obtained during the year and financing with investors and lenders was arranged for development of the project. Construction was planned to begin early in 2014. Land use approvals for the project were overturned by the Grant Pass City Council in February 2014 which effectively stopped the project. A notice of intent was filed by the Authority with the Oregon Land Use Board of Appeals (LUBA) in March 2014. A hearing with LUBA was held on June 26, 2014. A decision could be rendered by LUBA as early as July 2014. At December 31, 2013, the Authority had incurred \$101,861 in development costs and had paid \$5,145 in interest holding costs.

c) Sale of single-family houses

At December 31, 2013, the Authority had two potential sales of single-family houses awaiting HUD approval. The two houses had a combined net book value of \$48,950 at year end. Both deals were approved by HUD early in 2014. One sale closed on January 24, 2014 and the other sale closed on February 6, 2014. Both houses sold for \$135,000 each, and the Authority recorded gains on the sales of \$87,086 and \$107,109, respectively.

Management of the Authority has evaluated events and transactions occurring after December 31, 2013 through 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 disclosure in the financial statements, except as disclosed above.

### 17. OTHER DISCLOSURES:

a) Restatements

The *Net Position - beginning* on the Statement of Revenues, Expenses and Changes in Net Position was restated by \$5,942 to remove the Affordable Housing Solutions December 31, 2012 net position from the Primary Government column to the Discretely Presented Component Unit Column. Likewise, the *Cash and cash equivalents - beginning* on the Statement of Cash Flows, was reduced by \$11,036 for the same reason.

b) Change in Accounting Principles

The Authority implemented GASB 65, *Items Previously Reported as Assets and Liabilities* on January 1, 2013. This standard states in part, "Debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred. Prepaid insurance costs should be reported as an asset and recognized as an expense in systematic and rational manner over the duration of the related debt."

Implementation of this statement required the Authority remove the bond issuance costs (other deferred asset) and to display a *Change in Accounting Principle* of (\$143,220) on the Statement of Revenues, Expenses and Changes in Net Position.



# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

c) Blended Component Units

In accordance with GASB 61, condensed financial information for the blended component units for 2013 is presented as follows:

### Condensed Statement of Net Position

	Preserve Jade East	Rivertree Apartments	Totals
Current and Other Assets	\$ 234,427	\$ 69,796	\$ 304,223
Capital Assets	641,362	559,894	1,201,256
Total Assets	<u>\$ 875,789</u>	<u>\$ 629,690</u>	<u>\$ 1,505,479</u>
Other Liabilities	\$ 15,082	\$ 89,833	\$ 104,915
Long-term Liabilities	-	-	-
Total Liabilities	<u>15,082</u>	<u>89,833</u>	<u>104,915</u>
Net investment in capital assets	641,362	541,003	1,182,365
Restricted	196,636	49,560	246,196
Unrestricted	22,709	(50,706)	(27,997)
Total Net Position	<u>860,707</u>	<u>539,857</u>	<u>1,400,564</u>
Total Liabilities and Net Position	<u>\$ 875,789</u>	<u>\$ 629,690</u>	<u>\$ 1,505,479</u>

### Condensed Statement of Revenue, Expense, and Changes in Net Position

	Preserve Jade East	Rivertree Apartments	Totals
<b>Revenues</b>			
Operating revenues			
Tenant receipts	\$ 173,973	\$ 144,615	\$ 318,588
Other operating revenues	2,037	1,083	3,120
HUD and RD operating subsidies	3,063	15,426	18,489
Non-operating revenues			
Investment income	183	20	203
<b>Total revenues</b>	<u>179,256</u>	<u>161,144</u>	<u>340,400</u>
<b>Expenses</b>			
Operating expenses			
Other operating	155,192	131,898	287,090
Depreciation	22,968	26,214	49,182
Non-operating expenses			
Interest expense and fiscal charges	47	2,231	2,278
<b>Total expenses</b>	<u>178,207</u>	<u>160,343</u>	<u>338,550</u>
Change in net position	1,049	801	1,850
Net position - beginning, as restated	859,658	539,056	1,398,714
Net position - ending	<u>\$ 860,707</u>	<u>\$ 539,857</u>	<u>\$ 1,400,564</u>

# HOUSING AUTHORITY OF JACKSON COUNTY

## Notes to the Financial Statements

December 31, 2013

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### Condensed Statement of Cash Flows

	Preserve Jade East	Rivertree Apartments	Totals
Net Cash Provided by Operating Activities	\$ 15,049	\$ 19,135	\$ 34,184
Net Cash Provided by (Used for) Non-capital Financing Activities	(920)	734	(186)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,790)	(25,936)	(30,726)
Net Cash Provided by (Used for) Investing Activities	183	20	203
Change in cash and cash equivalents	9,522	(6,047)	3,475
Cash and cash equivalents - beginning	219,383	66,329	285,712
Cash and cash equivalents - ending	<u>\$ 228,905</u>	<u>\$ 60,282</u>	<u>\$ 289,187</u>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Required Supplementary Information**  
**December 31, 2013**

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Defined Benefit Retirement Plan – Schedule of Funding Progress:

The following is a summary of the actuarial information relative to the Authority:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Percent</u>	<u>Covered Payroll</u>	<u>UAL/Payroll</u>
12-31-2010	\$ 23,879,000	\$ 30,285,000	\$ 6,405,900	79%	\$ 4,973,400	129%
12-31-2011	\$ 23,240,900	\$ 31,109,100	\$ 7,868,200	75%	\$ 4,935,700	159%
12-31-2012	\$ 25,464,100	\$ 30,601,900	\$ 5,137,800	83%	\$ 5,018,000	102%

*Trend Information* – Trend information showing the progress of the PERS in accumulating sufficient assets to pay benefits when due is presented in their bi-annual report.

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Consolidating Schedule of Net Position**  
**Proprietary Fund Programs**  
**December 31, 2013**

	Department of Housing and Urban Development Programs	Rural Development Programs	Community Development Programs	Blended Component Units	Sub Total	Eliminations	Totals 12-31-13
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Cash in checking and savings	\$ 250,339	\$ 103,391	\$ 4,079,614	\$ 21,974	\$ 4,455,318	\$	\$ 4,455,318
Cash in security deposits	-	75,411	302,127	21,017	398,555		398,555
Tenant accounts receivable - net of allowance	-	8,157	64,742	11,994	84,893		84,893
Grant receivables-operating	-	-	14,510	-	14,510		14,510
Other miscellaneous receivables	187,081	-	129,736	-	316,817		316,817
Other miscellaneous receivables - due from CU	-	-	63,534	-	63,534		63,534
Developer fees due from component units	-	-	975,600	-	975,600		975,600
Due from other programs	(1,787)	(70,238)	128,308	(56,283)	-		-
Prepaid expenses	7,794	11,286	49,748	3,042	71,870		71,870
Inventory	-	-	26,182	-	26,182		26,182
<b>Total Current Assets</b>	<b>443,427</b>	<b>128,007</b>	<b>5,834,101</b>	<b>1,744</b>	<b>6,407,279</b>	<b>-</b>	<b>6,407,279</b>
<b>Restricted Assets:</b>							
Reserve accounts	972,197	881,493	1,921,311	246,196	4,021,197		4,021,197
FSS escrow deposits	90,572	-	-	-	90,572		90,572
Investments	-	-	961,423	-	961,423		961,423
<b>Total Restricted Assets</b>	<b>1,062,769</b>	<b>881,493</b>	<b>2,882,734</b>	<b>246,196</b>	<b>5,073,192</b>	<b>-</b>	<b>5,073,192</b>
<b>Capital Assets:</b>							
Land	-	646,658	6,211,254	445,554	7,303,466		7,303,466
Buildings and improvements	46,842	10,904,014	30,218,822	1,532,086	42,701,764		42,701,764
Equipment	223,771	202,368	455,091	39,121	920,351		920,351
Construction in process	-	-	362,514	-	362,514		362,514
<b>Total Capital Assets</b>	<b>270,613</b>	<b>11,753,040</b>	<b>37,247,681</b>	<b>2,016,761</b>	<b>51,288,095</b>		<b>51,288,095</b>
Less: accumulated depreciation	(197,286)	(3,910,989)	(12,179,962)	(815,505)	(17,103,742)		(17,103,742)
<b>Net Capital Assets</b>	<b>73,327</b>	<b>7,842,051</b>	<b>25,067,719</b>	<b>1,201,256</b>	<b>34,184,353</b>	<b>-</b>	<b>34,184,353</b>
<b>Other Assets:</b>							
Loans receivable	-	-	4,862,140	-	4,862,140		4,862,140
Interest receivable	-	-	613,540	-	613,540		613,540
Developer fees due from component units	-	-	529,322	-	529,322		529,322
Partnership fees receivable	-	-	256,138	-	256,138		256,138
Investment in limited partnerships	-	-	143,124	-	143,124		143,124
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>6,404,264</b>	<b>-</b>	<b>6,404,264</b>	<b>-</b>	<b>6,404,264</b>
<b>Total Assets</b>	<b>\$ 1,579,523</b>	<b>\$ 8,851,551</b>	<b>\$ 40,188,818</b>	<b>\$ 1,449,196</b>	<b>\$ 52,069,088</b>	<b>\$ -</b>	<b>\$ 52,069,088</b>
<b>LIABILITIES:</b>							
<b>Current Liabilities:</b>							
Tenants security deposits	\$ -	\$ 75,411	\$ 302,127	\$ 21,017	\$ 398,555	\$	\$ 398,555
Unearned revenue	-	12,800	127,669	-	140,469		140,469
Other payables	14,668	24,329	73,456	5,640	118,093		118,093
Accrued compensated absences	67,550	7,886	108,989	3,084	187,509		187,509
Current portion of long-term debt - net	-	114,988	1,357,807	18,891	1,491,686		1,491,686
<b>Total Current Liabilities</b>	<b>82,218</b>	<b>235,414</b>	<b>1,970,048</b>	<b>48,632</b>	<b>2,336,312</b>	<b>-</b>	<b>2,336,312</b>
<b>Long-Term Liabilities:</b>							
FSS tenant escrow deposits	90,572	-	-	-	90,572		90,572
Mortgage payable	-	4,331,547	6,787,616	-	11,119,163		11,119,163
Bonds payable - net	-	-	6,823,234	-	6,823,234		6,823,234
<b>Total Long-Term Liabilities</b>	<b>90,572</b>	<b>4,331,547</b>	<b>13,610,850</b>	<b>-</b>	<b>18,032,969</b>	<b>-</b>	<b>18,032,969</b>
<b>Total Liabilities</b>	<b>172,790</b>	<b>4,566,961</b>	<b>15,580,898</b>	<b>48,632</b>	<b>20,369,281</b>	<b>-</b>	<b>20,369,281</b>
<b>NET POSITION:</b>							
Net investment in capital assets	73,327	3,395,516	10,099,062	1,182,365	14,750,270		14,750,270
Restricted	964,514	881,493	2,882,734	246,196	4,974,937		4,974,937
Unrestricted	368,892	7,581	11,626,124	(27,997)	11,974,600		11,974,600
<b>Total Net Position</b>	<b>1,406,733</b>	<b>4,284,590</b>	<b>24,607,920</b>	<b>1,400,564</b>	<b>31,699,807</b>	<b>-</b>	<b>31,699,807</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,579,523</b>	<b>\$ 8,851,551</b>	<b>\$ 40,188,818</b>	<b>\$ 1,449,196</b>	<b>\$ 52,069,088</b>	<b>\$ -</b>	<b>\$ 52,069,088</b>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Consolidating Schedule of Income, Expenses, and Changes in Net Position**  
**Proprietary Fund Programs**  
**For the Year Ended December 31, 2013**

	Department of Housing and Urban Development Programs	Rural Development Programs	Community Development Programs	Blended Component Units	Sub Total	Eliminations	Totals 12-31-13
<b>OPERATING INCOME:</b>							
Dwelling rental	\$ -	\$ 557,618	\$ 3,814,434	\$ 301,351	4,673,403	\$ -	\$ 4,673,403
Other tenant charges	-	29,243	143,426	17,237	189,906	-	189,906
HUD PHA and RD operating grants	11,558,203	575,433	-	18,489	12,152,125	-	12,152,125
Other government operating grants	-	-	78,887	-	78,887	-	78,887
Fraud recovery	6,022	-	-	-	6,022	-	6,022
Other income	284,161	23,059	54,428	3,120	364,768	(25,834)	338,934
Management and administration fees	-	-	2,725,830	-	2,725,830	(421,525)	2,304,305
<b>Total Operating Income</b>	<b>11,848,386</b>	<b>1,185,353</b>	<b>6,817,005</b>	<b>340,197</b>	<b>20,190,941</b>	<b>(447,359)</b>	<b>19,743,582</b>
<b>OPERATING EXPENSES:</b>							
Administrative expense	1,252,452	233,774	1,231,725	106,430	2,824,381	(421,525)	2,402,856
Tenant services	169,513	1,073	13,833	-	184,419	-	184,419
Property development and management	-	-	1,366,455	-	1,366,455	(25,834)	1,340,621
Utilities	-	164,694	316,649	54,606	535,949	-	535,949
Maintenance expense	9,842	343,485	1,275,026	114,990	1,743,342	-	1,743,342
General expense	26,176	26,344	130,020	11,064	193,604	-	193,604
HAP expenditures	10,419,065	-	-	-	10,419,065	-	10,419,065
Depreciation expense	13,979	298,840	840,015	49,182	1,202,016	-	1,202,016
<b>Total Operating Expenses</b>	<b>11,891,027</b>	<b>1,068,210</b>	<b>5,173,723</b>	<b>336,272</b>	<b>18,469,232</b>	<b>(447,359)</b>	<b>18,021,873</b>
<b>Net Operating Income ( Loss)</b>	<b>(42,641)</b>	<b>117,143</b>	<b>1,643,282</b>	<b>3,925</b>	<b>1,721,709</b>	<b>-</b>	<b>1,721,709</b>
<b>OTHER INCOME (EXPENSE):</b>							
Interest income	132	267	115,419	203	116,021	-	116,021
Distribution to Housing Authority	-	(8,632)	-	-	(8,632)	-	(8,632)
Interest expense	-	(224,034)	(758,422)	(2,278)	(984,734)	-	(984,734)
Gain (loss) on sale of assets	-	-	336,344	-	336,344	-	336,344
Donation income	-	-	45,647	-	45,647	-	45,647
<b>Total Other Income (Expense):</b>	<b>132</b>	<b>(232,399)</b>	<b>(261,012)</b>	<b>(2,075)</b>	<b>(495,354)</b>	<b>-</b>	<b>(495,354)</b>
<b>Change in Net Position</b>	<b>(42,509)</b>	<b>(115,256)</b>	<b>1,382,270</b>	<b>1,850</b>	<b>1,226,355</b>	<b>-</b>	<b>1,226,355</b>
<b>Transfers</b>	<b>(41,409)</b>	<b>-</b>	<b>41,409</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position - beginning, as restated</b>	<b>1,490,651</b>	<b>4,399,846</b>	<b>23,327,461</b>	<b>1,398,714</b>	<b>30,616,672</b>	<b>-</b>	<b>30,616,672</b>
Change in Accounting Principles	-	-	(143,220)	-	(143,220)	-	(143,220)
<b>Net Position - ending</b>	<b>\$ 1,406,733</b>	<b>\$ 4,284,590</b>	<b>\$ 24,607,920</b>	<b>\$ 1,400,564</b>	<b>\$ 31,699,807</b>	<b>\$ -</b>	<b>\$ 31,699,807</b>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Department of Housing and Urban Development Programs**  
**Combining Schedule of Net Position**  
**December 31, 2013**

	Public Housing	S-024V Section 8 Vouchers
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash in checking and savings	\$ 56,700	\$ 144,951
Due from DHUD	-	163,536
Due from other programs	-	-
Prepaid expenses	-	7,634
<b>Total Current Assets</b>	<b>56,700</b>	<b>316,121</b>
<b>Restricted Assets:</b>		
Cash - HAP reserve	-	972,197
Cash - tenant escrow	-	90,572
<b>Total Restricted Assets</b>	<b>-</b>	<b>1,062,769</b>
<b>Capital Assets:</b>		
Buildings and improvements	-	46,842
Equipment	193,695	30,076
<b>Total Capital Assets</b>	<b>193,695</b>	<b>76,918</b>
Less: Accumulated depreciation	(168,539)	(28,747)
<b>Net Capital Assets</b>	<b>25,156</b>	<b>48,171</b>
<b>Total Assets</b>	<b>\$ 81,856</b>	<b>\$ 1,427,061</b>
<b>LIABILITIES:</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ -	\$ 2,994
Accrued compensated absences	-	63,908
Accounts payable - DHUD	-	7,683
Due to other programs	205	1,501
<b>Total Current Liabilities</b>	<b>205</b>	<b>76,086</b>
<b>Long-Term Liabilities</b>		
FSS escrow deposits	-	90,572
<b>Total Long-Term Liabilities</b>	<b>-</b>	<b>90,572</b>
<b>Total Liabilities</b>	<b>205</b>	<b>166,658</b>
<b>NET POSITION:</b>		
Net investment in capital assets	25,156	48,171
Restricted	-	964,514
Unrestricted	56,495	247,718
<b>Total Net Position</b>	<b>81,651</b>	<b>1,260,403</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 81,856</b>	<b>\$ 1,427,061</b>

Annual Contribution Contract		
S-024K Section 8 Moderate Rehabilitation I	S-024K Section 8 Moderate Rehabilitation II	Totals 12-31-13
\$ 48,688	\$ -	\$ 250,339
21,802	1,743	187,081
-	47,429	47,429
116	44	7,794
<u>70,606</u>	<u>49,216</u>	<u>492,643</u>
-	-	972,197
-	-	90,572
-	-	1,062,769
-	-	46,842
-	-	223,771
-	-	270,613
-	-	(197,286)
-	-	73,327
<u>\$ 70,606</u>	<u>\$ 49,216</u>	<u>\$ 1,628,739</u>
\$ 1,995	\$ 1,996	\$ 6,985
3,642	-	67,550
-	-	7,683
47,429	81	49,216
<u>53,066</u>	<u>2,077</u>	<u>131,434</u>
-	-	90,572
-	-	90,572
<u>53,066</u>	<u>2,077</u>	<u>222,006</u>
-	-	73,327
-	-	964,514
17,540	47,139	368,892
17,540	47,139	1,406,733
<u>\$ 70,606</u>	<u>\$ 49,216</u>	<u>\$ 1,628,739</u>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Department of Housing and Urban Development Programs**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended December 31, 2013**

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	Public Housing	S-024V Section 8 Vouchers
	<u>                    </u>	<u>                    </u>
<b>OPERATING REVENUES:</b>		
HUD PHA operating grants	\$ -	\$ 10,996,927
Fraud recovery		6,022
Other income	1,124	283,037
	<u>                    </u>	<u>                    </u>
<b>Total Operating Income</b>	<u>                    </u> 1,124	<u>                    </u> 11,285,986
<b>OPERATING EXPENSES:</b>		
Administrative expense	206	1,182,010
Tenant services	-	169,513
Maintenance expense	-	9,580
HAP payments	-	9,957,186
Depreciation expense	10,018	3,961
General expense	-	25,868
	<u>                    </u>	<u>                    </u>
<b>Total Operating Expenses</b>	<u>                    </u> 10,224	<u>                    </u> 11,348,118
<b>Net Operating Income (Loss)</b>	<u>                    </u> (9,100)	<u>                    </u> (62,132)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest income	19	100
	<u>                    </u>	<u>                    </u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>                    </u> 19	<u>                    </u> 100
<b>Change in Net Position</b>	(9,081)	(62,032)
<b>Transfers</b>	(41,409)	-
<b>Net Position - beginning</b>	<u>                    </u> 132,141	<u>                    </u> 1,322,435
<b>Net Position- ending</b>	<u>                    </u> \$ 81,651	<u>                    </u> \$ 1,260,403



<u>Annual Contribution Contract</u>		
<u>S-024K Section 8 Moderate Rehabilitation I</u>	<u>S-024K Section 8 Moderate Rehabilitation II</u>	<u>Totals 12-31-13</u>
\$ 388,813	\$ 172,463	\$ 11,558,203
-	-	6,022
388,813	172,463	284,161
51,701	18,535	1,252,452
-	-	169,513
196	66	9,842
319,953	141,926	10,419,065
-	-	13,979
222	86	26,176
372,072	160,613	11,891,027
16,741	11,850	(42,641)
13	-	132
13	-	132
16,754	11,850	(42,509)
-	-	(41,409)
786	35,289	1,490,651
<u>\$ 17,540</u>	<u>\$ 47,139</u>	<u>\$ 1,406,733</u>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Rural Development Programs**  
**Combining Schedule of Net Position**  
**December 31, 2013**

	Anderson Vista	Patio Village	Rose Garden	Sunnyslope	Lilac Meadow	Totals 12-31-13
<b>ASSETS:</b>						
<b>Current Assets:</b>						
Cash in checking and savings	\$ 4,170	\$ 8,168	\$ 14,255	\$ 28,763	\$ 48,035	\$ 103,391
Cash - security deposits	14,409	25,668	3,174	13,714	18,446	75,411
Tenant accounts receivable, net of allowance	3,684	272	659	970	2,572	8,157
Due from other programs	-	-	-	350	582	932
Prepaid expenses	1,355	2,235	223	5,979	1,494	11,286
<b>Total Current Assets</b>	<b>23,618</b>	<b>36,343</b>	<b>18,311</b>	<b>49,776</b>	<b>71,129</b>	<b>199,177</b>
<b>Restricted Assets:</b>						
Cash - replacement reserve account	141,126	282,004	26,693	198,859	232,811	881,493
Cash - tax and insurance reserve	-	-	-	-	-	-
<b>Total Restricted Assets</b>	<b>141,126</b>	<b>282,004</b>	<b>26,693</b>	<b>198,859</b>	<b>232,811</b>	<b>881,493</b>
<b>Capital Assets:</b>						
Land	173,774	221,395	23,200	88,369	139,920	646,658
Buildings and improvements	2,338,853	1,725,611	194,516	1,284,329	5,360,705	10,904,014
Equipment	71,500	45,867	-	61,753	23,248	202,368
Construction in process	-	-	-	-	-	-
<b>Total Capital Assets</b>	<b>2,584,127</b>	<b>1,992,873</b>	<b>217,716</b>	<b>1,434,451</b>	<b>5,523,873</b>	<b>11,753,040</b>
Less: accumulated depreciation	(1,025,804)	(850,112)	(101,434)	(787,470)	(1,146,169)	(3,910,989)
<b>Net Capital Assets</b>	<b>1,558,323</b>	<b>1,142,761</b>	<b>116,282</b>	<b>646,981</b>	<b>4,377,704</b>	<b>7,842,051</b>
<b>Total Assets</b>	<b>\$ 1,723,067</b>	<b>\$ 1,461,108</b>	<b>\$ 161,286</b>	<b>\$ 895,616</b>	<b>\$ 4,681,644</b>	<b>\$ 8,922,721</b>
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>						
Tenants security deposits	\$ 14,409	\$ 25,668	\$ 3,174	\$ 13,714	\$ 18,446	\$ 75,411
Due to other programs	55,545	15,038	587	-	-	71,170
Other payables	5,288	3,914	2,426	10,323	2,378	24,329
Accrued compensated absences	1,576	2,366	526	1,315	2,103	7,886
Unearned revenue	2,734	6,534	1,581	-	1,951	12,800
Current portion of long-term debt	36,967	13,883	1,938	12,084	50,116	114,988
<b>Total Current Liabilities</b>	<b>116,519</b>	<b>67,403</b>	<b>10,232</b>	<b>37,436</b>	<b>74,994</b>	<b>306,584</b>
<b>Long-Term Liabilities:</b>						
Mortgages payable	580,632	1,437,337	189,633	895,058	1,228,887	4,331,547
<b>Total Long - Term Liabilities</b>	<b>580,632</b>	<b>1,437,337</b>	<b>189,633</b>	<b>895,058</b>	<b>1,228,887</b>	<b>4,331,547</b>
<b>Total Liabilities</b>	<b>697,151</b>	<b>1,504,740</b>	<b>199,865</b>	<b>932,494</b>	<b>1,303,881</b>	<b>4,638,131</b>
<b>NET POSITION:</b>						
Net investment in capital assets	940,724	(308,459)	(75,289)	(260,161)	3,098,701	3,395,516
Restricted	141,126	282,004	26,693	198,859	232,811	881,493
Unrestricted	(55,934)	(17,177)	10,017	24,424	46,251	7,581
<b>Total Net Position</b>	<b>1,025,916</b>	<b>(43,632)</b>	<b>(38,579)</b>	<b>(36,878)</b>	<b>3,377,763</b>	<b>4,284,590</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,723,067</b>	<b>\$ 1,461,108</b>	<b>\$ 161,286</b>	<b>\$ 895,616</b>	<b>\$ 4,681,644</b>	<b>\$ 8,922,721</b>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Rural Development Programs**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ending December 31, 2013**

	Anderson Vista	Patio Village	Rose Garden	Sunnyslope	Lilac Meadow	Totals 12-31-13
<b>OPERATING REVENUES:</b>						
Dwelling rental	\$ 129,260	\$ 176,448	\$ 18,951	\$ 89,092	\$ 143,867	\$ 557,618
Other tenant charges	6,125	2,773	494	11,904	7,947	29,243
Rural Development operating grants	71,520	219,160	37,892	143,502	103,359	575,433
Other income	7,330	4,769	1,239	2,482	7,239	23,059
<b>Total Operating Revenues</b>	<b>214,235</b>	<b>403,150</b>	<b>58,576</b>	<b>246,980</b>	<b>262,412</b>	<b>1,185,353</b>
<b>OPERATING EXPENSES:</b>						
Administrative Expenses:						
Advertising	28	33	21	26	23	131
Audit	1,649	1,649	1,649	17,410	1,785	24,142
Legal	229	26	-	-	105	360
Sundry	7,627	3,034	559	858	4,036	16,114
Telephone	976	1,096	60	1,402	983	4,517
Site management payroll	13,108	11,804	159	7,978	11,049	44,098
Management fee	22,470	38,982	5,136	20,957	22,524	110,069
Employee benefits	7,664	7,371	98	4,429	6,888	26,450
Other administrative expenses	3,001	1,594	233	1,669	1,397	7,894
<b>Total Administration Expenses</b>	<b>56,752</b>	<b>65,589</b>	<b>7,915</b>	<b>54,729</b>	<b>48,790</b>	<b>233,774</b>
Tenant Services	336	-	-	172	565	1,073
Utilities Expense:						
Water and sewer	26,804	50,688	6,171	21,346	19,063	124,072
Electricity and other utilities	4,565	9,607	1,337	15,848	9,265	40,622
<b>Total Utilities Expenses</b>	<b>31,369</b>	<b>60,295</b>	<b>7,508</b>	<b>37,194</b>	<b>28,328</b>	<b>164,694</b>
Maintenance Expense:						
Maintenance payroll	17,195	27,668	5,733	13,088	22,926	86,610
Employee benefits	10,053	17,278	3,533	7,266	14,291	52,421
Maintenance materials	9,067	19,543	1,862	9,053	11,535	51,060
Vehicle maintenance	1,076	1,689	332	727	1,393	5,217
Maintenance contracts	10,764	22,558	4,230	11,722	19,358	68,632
Garbage collection	13,707	10,389	1,680	4,823	11,383	41,982
Extraordinary maintenance	13,450	11,796	775	11,541	-	37,562
<b>Total Maintenance Expenses</b>	<b>75,312</b>	<b>110,921</b>	<b>18,145</b>	<b>58,220</b>	<b>80,886</b>	<b>343,485</b>
Tax and Insurance Expenses:						
Property & liability insurance	2,622	4,314	431	2,436	2,890	12,693
Property & other taxes	-	-	-	2,893	-	2,893
<b>Total Tax and Insurance Expense</b>	<b>2,622</b>	<b>4,314</b>	<b>431</b>	<b>5,329</b>	<b>2,890</b>	<b>15,586</b>

	Anderson Vista	Patio Village	Rose Garden	Sunnyslope	Lilac Meadow	Totals 12-31-13
Financial Expense:						
Collection losses	3,022	1,757	4,997	196	786	10,758
<b>Total Financial Expenses</b>	<b>3,022</b>	<b>1,757</b>	<b>4,997</b>	<b>196</b>	<b>786</b>	<b>10,758</b>
Depreciation expense	71,791	52,900	5,142	29,067	139,940	298,840
<b>Total Operating Expenses</b>	<b>241,204</b>	<b>295,776</b>	<b>44,138</b>	<b>184,907</b>	<b>302,185</b>	<b>1,068,210</b>
<b>Net Operating Income (Loss)</b>	<b>(26,969)</b>	<b>107,374</b>	<b>14,438</b>	<b>62,073</b>	<b>(39,773)</b>	<b>117,143</b>
<b>NONOPERATING REVENUES</b>						
<b>(EXPENSES):</b>						
Interest income	-	-	-	267	-	267
Distribution to Housing Authority	-	-	-	(8,632)	-	(8,632)
Interest expense	(6,375)	(113,015)	(13,960)	(77,625)	(13,059)	(224,034)
<b>Total Nonoperating Revenues</b> <b>(Expenses)</b>	<b>(6,375)</b>	<b>(113,015)</b>	<b>(13,960)</b>	<b>(85,990)</b>	<b>(13,059)</b>	<b>(232,399)</b>
<b>Change in Net Position</b>	<b>(33,344)</b>	<b>(5,641)</b>	<b>478</b>	<b>(23,917)</b>	<b>(52,832)</b>	<b>(115,256)</b>
<b>Net Position - beginning</b>	<b>1,059,260</b>	<b>(37,991)</b>	<b>(39,057)</b>	<b>(12,961)</b>	<b>3,430,595</b>	<b>4,399,846</b>
<b>Net Position - ending</b>	<b>\$ 1,025,916</b>	<b>\$ (43,632)</b>	<b>\$ (38,579)</b>	<b>\$ (36,878)</b>	<b>\$ 3,377,763</b>	<b>\$ 4,284,590</b>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Community Development Programs**  
**Combining Schedule of Net Position**  
**December 31, 2013**

	Local Program	General Program	Willow Glen Program	Southernaire/ West Pines Program	Royal Apartments Program	Series '96 Program
<b>ASSETS:</b>						
<b>Current Assets:</b>						
Cash in checking and savings	\$ 3,220,428	\$ 3,732	\$ 84,100	\$ 113,989	\$ 229,465	\$ 20,737
Cash in security deposits	-	-	41,509	60,237	46,813	22,017
Tenant accounts receivable - net of allowance	-	-	14,031	10,905	8,910	10,901
Grants receivable-operating	-	-	-	-	-	-
Other miscellaneous receivables	6,612	123,124	-	-	-	-
Other miscellaneous receivables - Due from DPCU	63,534	-	-	-	-	-
Due from other programs	212,320	7,210	-	18,086	6,011	-
Developer fee due from component units	975,600	-	-	-	-	-
Prepaid expenses	13,933	74	10,153	7,623	3,423	1,813
Inventory	26,182	-	-	-	-	-
<b>Total Current Assets</b>	<b>4,518,609</b>	<b>134,140</b>	<b>149,793</b>	<b>210,840</b>	<b>294,622</b>	<b>55,468</b>
<b>Restricted Assets:</b>						
Cash - reserve accounts	1,672,775	-	194,250	-	37,354	16,932
Investments	34,289	-	-	644,971	282,163	-
<b>Total Restricted Assets</b>	<b>1,707,064</b>	<b>-</b>	<b>194,250</b>	<b>644,971</b>	<b>319,517</b>	<b>16,932</b>
<b>Capital Assets:</b>						
Land	1,505,115	-	231,134	630,870	378,898	373,907
Buildings and improvements	75,600	-	4,193,067	3,890,155	4,441,157	2,892,610
Equipment	291,344	-	119,957	14,563	-	-
Construction in process	362,514	-	-	-	-	-
<b>Total Capital Assets</b>	<b>2,234,573</b>	<b>-</b>	<b>4,544,158</b>	<b>4,535,588</b>	<b>4,820,055</b>	<b>3,266,517</b>
Less: accumulated depreciation	(176,638)	-	(3,138,403)	(1,470,242)	(1,634,243)	(1,326,159)
<b>Net Capital Assets</b>	<b>2,057,935</b>	<b>-</b>	<b>1,405,755</b>	<b>3,065,346</b>	<b>3,185,812</b>	<b>1,940,358</b>
<b>Other Assets:</b>						
Loans receivable	4,862,140	-	-	-	-	-
Interest receivable	613,540	-	-	-	-	-
Developer fees due from component units	529,322	-	-	-	-	-
Partnership fees receivable	256,138	-	-	-	-	-
Investment in limited partnerships	143,124	-	-	-	-	-
<b>Total Other Assets</b>	<b>6,404,264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 14,687,872</b>	<b>\$ 134,140</b>	<b>\$ 1,749,798</b>	<b>\$ 3,921,157</b>	<b>\$ 3,799,951</b>	<b>\$ 2,012,758</b>
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>						
Tenants security deposits	\$ -	\$ -	\$ 41,509	\$ 60,237	\$ 46,813	\$ 22,017
Unearned revenue	-	127,669	-	-	-	-
Due to other programs	-	-	3,855	-	-	44,672
Other payables	5,153	1,458	7,199	6,968	3,594	11,493
Accrued compensated absences	59,591	5,013	3,729	3,681	3,681	2,356
Current portion of long-term debt	400,000	-	44,034	139,470	171,564	55,424
<b>Total Current Liabilities</b>	<b>464,744</b>	<b>134,140</b>	<b>100,326</b>	<b>210,356</b>	<b>225,652</b>	<b>135,962</b>
<b>Long-Term Liabilities:</b>						
Mortgage payable	280,000	-	2,024,499	-	-	-
Bonds payable	-	-	-	3,054,352	2,782,358	986,524
<b>Total Long-Term Liabilities</b>	<b>280,000</b>	<b>-</b>	<b>2,024,499</b>	<b>3,054,352</b>	<b>2,782,358</b>	<b>986,524</b>
<b>Total Liabilities</b>	<b>744,744</b>	<b>134,140</b>	<b>2,124,825</b>	<b>3,264,708</b>	<b>3,008,010</b>	<b>1,122,486</b>
<b>NET POSITION:</b>						
Net investment in capital assets	1,377,935	-	(662,778)	(128,476)	231,890	898,410
Restricted	1,707,064	-	194,250	644,971	319,517	16,932
Unrestricted	10,858,129	-	93,501	139,954	240,534	(25,070)
<b>Total Net Position</b>	<b>13,943,128</b>	<b>-</b>	<b>(375,027)</b>	<b>656,449</b>	<b>791,941</b>	<b>890,272</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 14,687,872</b>	<b>\$ 134,140</b>	<b>\$ 1,749,798</b>	<b>\$ 3,921,157</b>	<b>\$ 3,799,951</b>	<b>\$ 2,012,758</b>

Table Rock Apartments Program	Multi-Family Housing Program	Housing Retreat Program	Penny Lane Apartments Program	Elk St. Apartments Program	Finley Square Apartments Program	Single Family Housing Program	The Grand Apartments Program	Totals 12-31-13
\$ 58,382	\$ 78,124	\$ 77,247	\$ 17,741	\$ 29,145	\$ 81,823	\$ 4,590	\$ 60,111	\$ 4,079,614
12,619	35,143	9,834	5,399	6,000	32,238	25,512	4,806	302,127
653	8,143	561	418	2,237	1,473	4,368	2,142	64,742
-	-	14,510	-	-	-	-	-	14,510
-	-	-	-	-	-	-	-	129,736
-	-	-	-	-	-	-	-	63,534
105	3,639	-	51	-	1,612	-	-	249,034
-	-	-	-	-	-	-	-	975,600
847	2,866	769	378	487	4,560	1,865	957	49,748
-	-	-	-	-	-	-	-	26,182
<u>72,606</u>	<u>127,915</u>	<u>102,921</u>	<u>23,987</u>	<u>37,869</u>	<u>121,706</u>	<u>36,335</u>	<u>68,016</u>	<u>5,954,827</u>
-	-	-	-	-	-	-	-	1,921,311
-	-	-	-	-	-	-	-	961,423
-	-	-	-	-	-	-	-	2,882,734
163,144	580,170	302,319	162,670	283,769	1,200,000	279,273	119,985	6,211,254
1,282,094	3,908,912	1,178,431	1,334,200	668,807	3,023,917	1,666,587	1,663,285	30,218,822
-	-	15,661	13,566	-	-	-	-	455,091
-	-	-	-	-	-	-	-	362,514
<u>1,445,238</u>	<u>4,489,082</u>	<u>1,496,411</u>	<u>1,510,436</u>	<u>952,576</u>	<u>4,223,917</u>	<u>1,945,860</u>	<u>1,783,270</u>	<u>37,247,681</u>
<u>(512,838)</u>	<u>(1,795,501)</u>	<u>(73,576)</u>	<u>(225,626)</u>	<u>(38,470)</u>	<u>(384,290)</u>	<u>(1,246,467)</u>	<u>(157,509)</u>	<u>(12,179,962)</u>
<u>932,400</u>	<u>2,693,581</u>	<u>1,422,835</u>	<u>1,284,810</u>	<u>914,106</u>	<u>3,839,627</u>	<u>699,393</u>	<u>1,625,761</u>	<u>25,067,719</u>
-	-	-	-	-	-	-	-	4,862,140
-	-	-	-	-	-	-	-	613,540
-	-	-	-	-	-	-	-	529,322
-	-	-	-	-	-	-	-	256,138
-	-	-	-	-	-	-	-	143,124
-	-	-	-	-	-	-	-	6,404,264
<u>\$ 1,005,006</u>	<u>\$ 2,821,496</u>	<u>\$ 1,525,756</u>	<u>\$ 1,308,797</u>	<u>\$ 951,975</u>	<u>\$ 3,961,333</u>	<u>\$ 735,728</u>	<u>\$ 1,693,777</u>	<u>\$ 40,309,544</u>
\$ 12,619	\$ 35,143	\$ 9,834	\$ 5,399	\$ 6,000	\$ 32,238	\$ 25,512	\$ 4,806	\$ 302,127
-	-	-	-	-	-	-	-	127,669
-	-	303	-	544	-	70,003	1,349	120,726
2,059	6,723	15,891	1,995	3,162	2,085	3,121	2,555	73,456
1,355	10,796	1,583	554	789	2,103	12,690	1,068	108,989
25,131	-	-	11,696	-	492,100	-	18,388	1,357,807
<u>41,164</u>	<u>52,662</u>	<u>27,611</u>	<u>19,644</u>	<u>10,495</u>	<u>528,526</u>	<u>111,326</u>	<u>28,166</u>	<u>2,090,774</u>
504,968	-	-	468,825	-	2,920,000	-	589,324	6,787,616
-	-	-	-	-	-	-	-	6,823,234
<u>504,968</u>	<u>-</u>	<u>-</u>	<u>468,825</u>	<u>-</u>	<u>2,920,000</u>	<u>-</u>	<u>589,324</u>	<u>13,610,850</u>
<u>546,132</u>	<u>52,662</u>	<u>27,611</u>	<u>488,469</u>	<u>10,495</u>	<u>3,448,526</u>	<u>111,326</u>	<u>617,490</u>	<u>15,701,624</u>
402,301	2,693,581	1,422,835	804,289	914,106	427,527	699,393	1,018,049	10,099,062
-	-	-	-	-	-	-	-	2,882,734
56,573	75,253	75,310	16,039	27,374	85,280	(74,991)	58,238	11,626,124
<u>458,874</u>	<u>2,768,834</u>	<u>1,498,145</u>	<u>820,328</u>	<u>941,480</u>	<u>512,807</u>	<u>624,402</u>	<u>1,076,287</u>	<u>24,607,920</u>
<u>\$ 1,005,006</u>	<u>\$ 2,821,496</u>	<u>\$ 1,525,756</u>	<u>\$ 1,308,797</u>	<u>\$ 951,975</u>	<u>\$ 3,961,333</u>	<u>\$ 735,728</u>	<u>\$ 1,693,777</u>	<u>\$ 40,309,544</u>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Community Development Programs**  
**Combining Schedule of Revenue, Expenses,**  
**and Changes in Net Position**  
**For the Year Ended December 31, 2013**

	Local Program	General Program	Willow Glen Program	Southernaire/ West Pines Program	Royal Apartments Program	Series '96 Program
<b>OPERATING REVENUES:</b>						
Dwelling rental	\$ 4,440	\$ -	\$ 501,892	\$ 708,385	\$ 616,955	\$ 276,797
Other tenant charges	-	-	22,197	30,618	21,011	18,804
Other income	210	26,194	3,735	15,513	3,558	415
Other government operating grants	-	-	-	-	-	-
Development and management fees	2,273,254	452,576	-	-	-	-
<b>Total Operating Revenues</b>	<b>2,277,904</b>	<b>478,770</b>	<b>527,824</b>	<b>754,516</b>	<b>641,524</b>	<b>296,016</b>
<b>OPERATING EXPENSES:</b>						
Administrative expense	230,797	115,954	85,675	74,265	96,894	41,008
Tenant services	-	-	5,478	-	-	2,846
Property development and management	1,004,679	361,776	-	-	-	-
Utilities	2,310	-	39,964	60,749	40,939	37,046
Maintenance expense	21,471	710	171,217	214,969	160,552	118,867
General expense	5,624	330	17,028	29,385	11,968	13,569
Depreciation expense	30,230	-	131,722	101,759	112,173	75,374
<b>Total Operating Expenses</b>	<b>1,295,111</b>	<b>478,770</b>	<b>451,084</b>	<b>481,127</b>	<b>422,526</b>	<b>288,710</b>
<b>Net Operating Income ( Loss)</b>	<b>982,793</b>	<b>-</b>	<b>76,740</b>	<b>273,389</b>	<b>218,998</b>	<b>7,306</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest income	112,260	-	332	2,245	205	56
Interest expense	-	-	(173,485)	(191,705)	(115,652)	(46,919)
Gain (loss) on sale of assets	(172,799)	-	-	-	-	-
Donation income	45,647	-	-	-	-	-
<b>Total Nonoperating Revenues (Expenses):</b>	<b>(14,892)</b>	<b>-</b>	<b>(173,153)</b>	<b>(189,460)</b>	<b>(115,447)</b>	<b>(46,863)</b>
<b>Change in Net Position</b>	<b>967,901</b>	<b>-</b>	<b>(96,413)</b>	<b>83,929</b>	<b>103,551</b>	<b>(39,557)</b>
<b>Transfers</b>	<b>1,152,673</b>	<b>-</b>	<b>(11,070)</b>	<b>(77,820)</b>	<b>(106,475)</b>	<b>13,500</b>
<b>Net Position - beginning</b>	<b>11,822,554</b>	<b>-</b>	<b>(267,203)</b>	<b>650,340</b>	<b>856,288</b>	<b>990,447</b>
<b>Change in Accounting Principles</b>	<b>-</b>	<b>-</b>	<b>(341)</b>	<b>-</b>	<b>(61,423)</b>	<b>(74,118)</b>
<b>Net Position - ending</b>	<b>\$ 13,943,128</b>	<b>\$ -</b>	<b>\$ (375,027)</b>	<b>\$ 656,449</b>	<b>\$ 791,941</b>	<b>\$ 890,272</b>

Table Rock Apartments Program	Multi-Family Housing Program	Housing Retreat Program	Penny Lane Apartments Program	Elk St. Apartments Program	Finley Square Apartments Program	Single Family Housing Program	The Grand Apartments Program	Totals 12-31-13
\$ 157,680	\$ 433,705	\$ 156,801	\$ 72,609	\$ 69,615	\$ 326,827	\$ 310,547	\$ 178,181	\$ 3,814,434
4,307	21,387	7,944	1,786	1,917	3,655	6,586	3,214	143,426
340	2,427	-	50	75	425	175	1,311	54,428
-	-	78,887	-	-	-	-	-	78,887
-	-	-	-	-	-	-	-	2,725,830
<u>162,327</u>	<u>457,519</u>	<u>243,632</u>	<u>74,445</u>	<u>71,607</u>	<u>330,907</u>	<u>317,308</u>	<u>182,706</u>	<u>6,817,005</u>
22,607	125,911	143,876	9,817	13,770	39,074	202,889	29,187	1,231,725
2,114	-	-	724	-	-	-	2,673	13,833
-	-	-	-	-	-	-	-	1,366,455
9,947	47,198	10,037	5,957	5,237	16,790	10,686	29,789	316,649
49,410	237,251	58,891	24,748	28,702	64,813	84,683	38,742	1,275,026
2,343	14,916	4,032	1,984	4,607	8,038	11,418	4,778	130,020
32,052	107,481	33,288	34,712	18,632	75,598	45,270	41,724	840,015
<u>118,473</u>	<u>532,757</u>	<u>250,124</u>	<u>77,942</u>	<u>70,948</u>	<u>204,313</u>	<u>354,946</u>	<u>146,892</u>	<u>5,173,723</u>
43,854	(75,238)	(6,492)	(3,497)	659	126,594	(37,638)	35,814	1,643,282
41	70	23	6	16	107	27	31	115,419
(22,409)	-	-	(22,978)	-	(155,197)	-	(30,077)	(758,422)
-	-	-	-	-	-	509,143	-	336,344
-	-	-	-	-	-	-	-	45,647
<u>(22,368)</u>	<u>70</u>	<u>23</u>	<u>(22,972)</u>	<u>16</u>	<u>(155,090)</u>	<u>509,170</u>	<u>(30,046)</u>	<u>(261,012)</u>
21,486	(75,168)	(6,469)	(26,469)	675	(28,496)	471,532	5,768	1,382,270
(46,097)	-	-	-	-	(49,145)	(825,829)	(8,328)	41,409
<u>483,485</u>	<u>2,844,002</u>	<u>1,504,614</u>	<u>851,953</u>	<u>940,805</u>	<u>590,448</u>	<u>978,699</u>	<u>1,081,029</u>	<u>23,327,461</u>
-	-	-	(5,156)	-	-	-	(2,182)	(143,220)
<u>\$ 458,874</u>	<u>\$ 2,768,834</u>	<u>\$ 1,498,145</u>	<u>\$ 820,328</u>	<u>\$ 941,480</u>	<u>\$ 512,807</u>	<u>\$ 624,402</u>	<u>\$ 1,076,287</u>	<u>\$ 24,607,920</u>



**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Blended Component Units**  
**Combining Schedule of Net Position**  
**December 31, 2013**

	Preserve Jade East	Rivertree Apartments	Totals 12-31-13
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash in checking and savings	\$ 21,555	\$ 419	\$ 21,974
Cash - security deposits	10,714	10,303	21,017
Tenant accounts receivable - net of allowance	4,595	7,399	11,994
Prepaid expenses	927	2,115	3,042
<b>Total Current Assets</b>	<b>37,791</b>	<b>20,236</b>	<b>58,027</b>
<b>Restricted Assets:</b>			
Cash - reserve accounts	196,636	49,560	246,196
<b>Capital Assets:</b>			
Land	194,123	251,431	445,554
Buildings and improvements	811,212	720,874	1,532,086
Equipment	30,674	8,447	39,121
<b>Total Capital Assets</b>	<b>1,036,009</b>	<b>980,752</b>	<b>2,016,761</b>
Less: accumulated depreciation	(394,647)	(420,858)	(815,505)
<b>Net Capital Assets</b>	<b>641,362</b>	<b>559,894</b>	<b>1,201,256</b>
<b>Total Assets</b>	<b>\$ 875,789</b>	<b>\$ 629,690</b>	<b>\$ 1,505,479</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Tenants security deposits	\$ 10,714	\$ 10,303	\$ 21,017
Accounts payable	1,747	3,893	5,640
Accrued compensated absences	1,542	1,542	3,084
Due to other programs	1,079	55,204	56,283
Current portion of long-term debt	-	18,891	18,891
<b>Total Current Liabilities</b>	<b>15,082</b>	<b>89,833</b>	<b>104,915</b>
<b>Total Liabilities</b>	<b>15,082</b>	<b>89,833</b>	<b>104,915</b>
<b>NET POSITION:</b>			
Net investment in capital assets	641,362	541,003	1,182,365
Restricted	196,636	49,560	246,196
Unrestricted	22,709	(50,706)	(27,997)
<b>Total Net Position</b>	<b>860,707</b>	<b>539,857</b>	<b>1,400,564</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 875,789</b>	<b>\$ 629,690</b>	<b>\$ 1,505,479</b>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Blended Component Units**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended December 31, 2013**

	Preserve Jade East	Rivertree Apartments	Totals 12-31-13
<b>OPERATING REVENUES:</b>			
Dwelling rental	\$ 164,795	\$ 136,556	\$ 301,351
Other tenant charges	9,178	8,059	17,237
HUD PHA operating grants	3,063	15,426	18,489
Other income	2,037	1,083	3,120
<b>Total Operating Revenues</b>	<u>179,073</u>	<u>161,124</u>	<u>340,197</u>
<b>OPERATING EXPENSES:</b>			
Administrative expense	56,512	49,919	106,430
Utilities	36,883	17,723	54,606
Maintenance expense	57,827	57,162	114,990
Depreciation expense	22,968	26,214	49,182
General expense	3,970	7,094	11,064
<b>Total Operating Expenses</b>	<u>178,160</u>	<u>158,112</u>	<u>336,272</u>
<b>Net Operating Income (Loss)</b>	<u>913</u>	<u>3,012</u>	<u>3,925</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest income	183	20	203
Interest expense	(47)	(2,231)	(2,278)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>136</u>	<u>(2,211)</u>	<u>(2,075)</u>
<b>Change in Net Position</b>	1,049	801	1,850
<b>Transfers</b>	-	-	-
<b>Net Position - beginning</b>	<u>859,658</u>	<u>539,056</u>	<u>1,398,714</u>
<b>Net Position - ending</b>	<u>\$ 860,707</u>	<u>\$ 539,857</u>	<u>\$ 1,400,564</u>



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## **INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

Board of Commissioners  
Housing Authority of Jackson County (HAJC), Oregon  
Medford, Oregon

We have audited the basic financial statements of the Housing Authority of Jackson County (HAJC) as of and for the year ended December 31, 2013, and have issued our report thereon dated July 30, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the HAJC 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 statement amounts. However, providing an opinion on compliance with those provisions was not the 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 but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Investments of surplus funds authorized under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- Debt limitations under ORS Chapter 328.245

In connection with our audit, nothing came to our attention that caused us to believe the HAJC 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 Administration Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

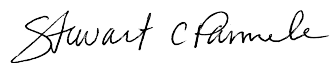
### **OAR 162-10-0230 Internal Control**

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

Board of Commissioners  
Housing Authority of Jackson County (HAJC), Oregon  
Medford, Oregon

No material weakness relating to the audit of the basic financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management of the Housing Authority of Jackson County and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.



Stewart C. Parmele CPA, Partner  
KDCO Piels CPAs, LLP  
Medford, Oregon  
July 30, 2014



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**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 Jackson County (HAJC), Oregon  
Medford, 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 and the aggregate discretely presented component units of the Housing Authority of Jackson County (HAJC), Oregon, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the HAJC's basic financial statements, and have issued our report thereon dated July 30, 2014. Our report includes a reference to other auditors who audited the financial statement of the following discretely presented component units, Canterbury Hills, Freedom Square and Liberty Place, Lilac Meadow Phase II, Maple Terrace, Quail Run, Scenic Heights, and Snowberry Brook, as described in our report on the HAJC's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component units of the HAJC were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

Board of Commissioners  
Housing Authority of Jackson County (HAJC), Oregon  
Medford, Oregon

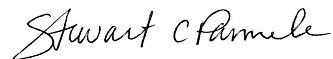
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 HAJC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Stewart C. Parmele, CPA, Partner  
KDCO Piels CPAs, LLP  
Medford, Oregon  
July 30, 2014



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

Board of Commissioners  
Housing Authority of Jackson County (HAJC), Oregon  
Medford, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of Jackson County (HAJC), Oregon's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the HAJC's major federal programs for the year ended December 31, 2013. The HAJC's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The HAJC's basic financial statements include the operations of the discretely presented component units, which did not receive federal awards that should be included in the schedule during the year ended December 31, 2013. Therefore, our audit, described below, did not include the operations of the discretely presented component units.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the HAJC'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 HAJC'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 HAJC's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Housing Authority of Jackson County, Oregon 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 December 31, 2013.

Board of Commissioners  
Housing Authority of Jackson County, Oregon  
Medford, Oregon

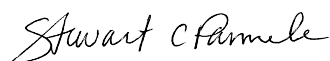
## Report on Internal Control over Compliance

Management of the HAJC 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 HAJC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Housing Authority of Jackson County, Oregon'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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Stewart C. Parmele CPA, Partner  
KDCO Piels CPAs, LLP  
Medford, Oregon  
July 30, 2014



**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Schedule of Federal Awards Expended**  
**For the Year Ended December 31, 2013**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures 2013</u>
<u>U.S. Department of Housing and Urban Development</u>			
<b>DIRECT PAYMENTS:</b>			
Section 8:			
Moderate Rehabilitation #1	14.856		\$ 372,072
Moderate Rehabilitation #2	14.856		<u>160,613</u>
			<u>532,685</u>
Section 8 Housing Choice Vouchers	14.871		<u>11,348,118</u>
Section 236:			
Multifamily Insured Projects Interest Subsidy	14.103		18,489
Interest reduction payments	14.103		<u>158,320</u>
			<u>176,809</u>
Total Direct Payments			<u>12,057,612</u>
<b>LOAN GUARANTEES:</b>			
Section 236 Insured mortgage	14.103		<u>18,891</u>
Total Department of Housing and Urban Development			<u>12,076,503</u>
<u>U.S. Department of Agriculture</u>			
<b>DIRECT PAYMENTS:</b>			
Rural Rental Assistance payments	10.427		<u>417,113</u>
Total Department of Agriculture			<u>417,113</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 12,493,616</u>

**HOUSING AUTHORITY OF JACKSON COUNTY**  
**Notes to Schedule of Expenditures of Federal Awards**  
**December 31, 2013**

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A. BASIS OF ACCOUNTING:

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

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

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

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

**HOUSING AUTHORITY OF JACKSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. The auditor's report expresses an unqualified opinion on the basic financial statements of the Housing Authority of Jackson County, Oregon.
2. No significant deficiencies or material weaknesses in internal controls were disclosed by the audit of the basic Financial Statements of the Housing Authority of Jackson County, Oregon.
3. No instances of noncompliance material to the basic financial statements of the Housing Authority of Jackson County, Oregon, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed during the audit.
5. The auditor’s report on compliance for the major federal award programs for the Housing Authority of Jackson County, Oregon expresses an unqualified opinion.
6. No audit findings were noted that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include:

U.S. Department of Housing and Urban Development

Section 8 Housing Choice Vouchers	14.871
Moderate Rehabilitation #1 & #2	14.856

U.S. Department of Housing and Urban Development

Rural Rental Assistance	10.427
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8. The threshold for distinguishing Types A and B Programs was \$374,941.
9. The Housing Authority of Jackson County, Oregon qualified as a low-risk auditee under the criteria specified in OMB Circular A -133.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None