



Financial Statements
September 30, 2019

Housing Authority of the City of Salem

Housing Authority of the City of Salem

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Vacant: Resident Commissioner 555 Liberty Street SE, Suite 220 Salem, OR 97301	December 31, 2022



Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Salem
Salem, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Salem (the Authority) as of and for the year ended September 30, 2019, and the discretely presented component units of the Authority as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 Parkway West Housing, LLC and Robert Lindsey Tower Housing, LLC were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the City of Salem as of September 30, 2019, and the discretely presented component units of the Authority as of December 31, 2018, and the changes in financial position and cash flows thereof for the years ended September 30, 2019 and December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of employer contributions, and the schedule of changes in total OPEB liability and related ratios, 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 have applied certain limited procedures to this 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 Authority's basic financial statements. The introductory section and combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (SEFA) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Financial Data Schedules (FDS) are presented for purposes of additional analysis as required by the Housing and Urban Development Real Estate Assessment Center (REAC). The SEFA and FDS are also not a required part of the financial statements.

The SEFA, the FDS and the combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

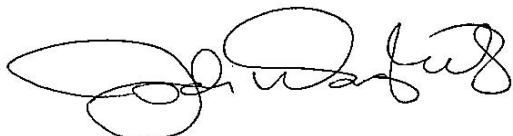
Reports on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is issued separately and is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated June 22, 2020, on our consideration of the Authority's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, appearing to read "John W. Bailey". The signature is fluid and cursive, with a large loop at the end.

For Eide Bailly LLP
Boise, Idaho
June 22, 2020

The Housing Authority of the City of Salem (Salem Housing Authority) is a Public Housing Agency as defined in Section 8 of the United States Housing Act of 1937, as amended and created via resolution of the City of Salem on October 13, 1969. The Authority's primary sources of funding are through governmental grants received from the Department of Housing and Urban Development (HUD). As management of the Salem Housing Authority (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 fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements as presented in this report.

Fund Financial Statements

A fund is a grouping of related self-balancing accounts that are used to maintain control over resources, which are segregated for the purpose of carrying on specific activities. Generally Accepted Accounting Principles (GAAP) requires state and local governments to use the enterprise fund type to account for business-type activities. All of the Authority's transactions are recorded in an enterprise fund. Enterprise funds use the accrual basis of accounting; revenue is recorded when earned and expenses are recorded when incurred, regardless of when the cash is received or disbursed. GAAP also requires the inclusion of three basic financial statements (statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows) and this management's discussion and analysis (MD&A). The financial statements give a general overview of the Authority's finances.

As required by Governmental Accounting Standards Board (GASB) statement No. 61, the basic financial statements include its component units: Robert Lindsey Tower LLC, and Parkway West LLC. These discretely presented component units represent multi-family properties structured as Limited Liability Corporations or Limited Partnerships, which have the Authority as the managing member or general partner. The Authority has invested funds in these entities that could have an impact on the Authority. The Authority obtained the limited partner's interest in Southfair Apartments LP as of February 28, 2015, and as a result, Southfair Apartments LP is reported as a blended component within the Authority's financial data.

The Authority's Programs

Public Housing – The Low Rent Public Housing Program operated by the Authority rents 245 units that it owns to low-income households. The Low Rent Public Housing Program is managed under an Annual Contributions Contract (ACC) with the Department of Housing and Urban Development (HUD), and HUD provides Operating Subsidy funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income. The Low Rent Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Tenant Based Assistance Programs – Under the Housing Choice Voucher (HCV) Program, the Authority administers contracts with independent landlords that own the property which is leased to participating households. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides ACC funding to enable the Authority to structure a lease that sets the participants' rent at 30% to 40% of household income. The ACC as of September 30, 2019 was 2,992 units. The HCV program also has 94 vouchers for disabled persons, issued under Mainstream voucher program. The HCV funding includes 26 units of Moderate Rehabilitation Program also funded by HUD.

Central Office Cost Center – This program is required by HUD under asset management and contains all income and expenses related to the management of the above listed federal programs.

Family Self-Sufficiency and Resident Initiatives Program – This program consists of Resident Opportunity and Self-Sufficiency (ROSS) Family Self Sufficiency (FSS) grant. The FSS program is funded by HUD, as available, on a calendar year basis to assist renters in improving quality of life by encouraging resident economic security and self-sufficiency. FSS staff develop partnerships with local law enforcement, neighborhood associations, non-profit agencies, private landlords and other public and private service providers to enable participating clients to meet their goals of increasing earned income, improving financial literacy, reducing/eliminating need for welfare assistance, and ultimately achieving economic independence and self-sufficiency. During the fiscal year, 15 clients graduated the program, with 2 buying homes and at the fiscal year end, there were 170 clients with funds in FSS Escrow accounts.

State and Local Programs – The Authority has continued its partnership and programs with the City of Salem for the following programs: Security Deposit Program (HOME funds) and Homeless Rental Assistance Program (HRAP). HRAP launched in July 2017 and is the Authority's Housing First Initiative to permanently house vulnerable, chronically homeless individuals annually within the City of Salem. The program consists of providing rental assistance, barrier removal funding, facilitation of access to crucial services, peer support and intensive case management; with the goal of long-term housing stability and self-sufficiency. Funding for HRAP decreased, as did the number of participants that could be assisted annually. As of September 30, 2019, there have been 212 enrollees in the program and 186 housed. The HRAP staff worked with clients not only provided rental assistance, but also providing support and resources to support the Housing First Initiative. The Authority is always seeking out new partnerships to assist in supporting this program and growing the resources.

The Veterans' Rental Assistance Program (VRAP), which is funded through the State of Oregon Health Authority has continued as well. This funding allows the Authority, in partnership with the local Community Action Agency, to provide rental assistance, barrier removal and intensive case management for homeless veterans. The goal of the program is to permanently house 42 homeless veterans annually as well as to provide the wrap-around supports necessary for their long-term housing stability.

Business Activities Program – This program represents non-HUD resources received from a variety of activities including development and investments in Authority owned properties. Three owned complexes, Southview Terrace Apartments, Englewood West Apartments and Redwood Crossing, are reported within Business Activities, as well as the above State and Local Programs.

Financial Overview

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources as of September 30, 2019 by \$23,034,651 (net position). Of this amount, \$9,887,304 (unrestricted net position) may be used to meet the Authority's ongoing obligations to vendors, tenants and/or creditors. Furthermore, \$795,931 is restricted for property development and housing assistance payments/vouchers.
- Total assets continue to increase to \$32,795,433 for 2018/19, which is an increase of 7.2% over the prior year assets of \$30,589,492. During the year, the operating activities resulted in the Authority's net position increasing \$798,487.

- Total revenues for all Authority programs increased \$405,527 during 2018/19, and were \$28,286,026 and \$27,880,499 for 2018/19 and 2017/18, respectively. The most significant increases again this year was seen in grant funding received from HUD with an increase of \$985,026 over the prior year. In total Operating subsidies and Grant funds went up \$1,193,109. There were decreases in the rental income of \$47,428 received, due mainly to vacancies in properties in preparation for the Rental Assistance Demonstration (RAD) discussed later in the Economic Factors.

Table 1
Statements of Net Position

	2019	2018
Assets		
Cash	\$ 8,204,472	\$ 7,300,804
Investments	232,709	250,765
Accounts Receivable (net)	482,111	703,826
Other (Ppds & Inv)	56,867	52,847
Total Current Assets	<u>8,976,159</u>	<u>8,308,242</u>
Capital Assets (net of depreciation)	15,169,251	13,947,365
Other Assets	8,650,023	8,333,885
Total Non-Current Assets	<u>23,819,274</u>	<u>22,281,250</u>
Total Assets	32,795,433	30,589,492
 Deferred Outflows of Resources	 <u>1,602,627</u>	 <u>1,174,636</u>
Total Assets & Deferred Outflows	<u><u>\$ 34,398,060</u></u>	<u><u>\$ 31,764,128</u></u>
 Liabilities		
Accounts Payable	\$ 262,687	\$ 396,552
Accrued Liabilities/Payroll	258,722	287,508
Tenant Security Deposits	119,187	126,495
Other Current Liabilities (Unearned rev/int/current LTD)	773,696	205,935
Total Current Liabilities	<u>1,414,292</u>	<u>1,016,490</u>
Non-current Liabilities	<u>9,589,932</u>	<u>8,202,769</u>
Total Liabilities	<u>11,004,224</u>	<u>9,219,259</u>
 Deferred Inflows of Resources	 <u>359,185</u>	 <u>308,705</u>
 Net Position		
Net investment in capital assets	12,351,416	11,556,825
Restricted for Vouchers (HAP)	328,865	198,549
Restricted for Property Development and Operations	467,066	467,066
Unrestricted	<u>9,887,304</u>	<u>10,013,724</u>
Total Net Position	<u>23,034,651</u>	<u>22,236,164</u>
 Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 34,398,060</u></u>	<u><u>\$ 31,764,128</u></u>

Authority-Wide Statements

Statement of Net Position

Net position represents the difference between total assets and deferred outflows and total liabilities and deferred inflows. Current Assets increased by \$667,917. In the previous fiscal year, we reduced the balance in restricted net position for vouchers by \$272,182 to \$198,549. This year, we saw less lease-ups and utilization in Housing Choice Vouchers (HCV), which resulted in an increase to the restricted net position for HAP of \$130,316 to its current balance \$328,865.

Statement of Revenues, Expenses and Changes in Net Position

Revenues in total remained consistent increasing slightly to \$28,286,026 from \$27,880,499 in 2017/18.

The Authority's largest inflow of funds comes from HUD funded grant programs for Operating subsidies, HCV and Capital grants. HUD grant funding increased 4.5%, a total increase of \$985,026. Other grant income continues to increase from the previous year, as Homeless Rental Assistance Program (HRAP) was able to house and assist more clients. Other grant income increased \$208,083 with \$2,003,218 received in 18/19 from \$1,795,135 received in 17/18. Due to the strong market conditions, our interest income also experienced an increase this year of \$27,378 from \$313,816 to \$341,194 for 18/19.

Housing assistance payments (HAP) to landlords decreased from \$19,649,967 to \$18,942,607. In the previous year, the Authority had a significant increase in the assistance payments due to efforts to increase leasing and utilization; this halted our ability to put any new vouchers out due to exhaustion of funding for the annum, resulting in a decrease of payments for the fiscal year. Administrative costs increased 7%, due to positions hired in the prior fiscal year, now having been employed for the full year. Administrative costs only account for 17% of the Authority's total expenses at \$4,643,494 for 18/19. Overall total expenses increased \$966,942 from \$26,520,597 to \$27,487,539.

Table 2
Revenues, Expenses and Changes Net Position

	<u>2019</u>	<u>2018</u>
Revenues		
Rental income	<u>\$ 1,726,387</u>	<u>\$ 1,773,815</u>
HUD PHA grants	22,395,139	21,801,821
HUD capital grants	610,383	218,675
Other grants	<u>2,003,218</u>	<u>1,795,135</u>
Total Operating Subsidies/Grants	<u>25,008,740</u>	<u>23,815,631</u>
Interest income	341,194	313,816
Loss on disposal of capital assets	(24,208)	-
Other revenue	<u>1,233,913</u>	<u>1,977,237</u>
Total Other Revenue	<u>1,550,899</u>	<u>2,291,053</u>
Total Revenue	<u><u>\$ 28,286,026</u></u>	<u><u>\$ 27,880,499</u></u>
	<u>2019</u>	<u>2018</u>
Expenses		
Housing assistance payments	\$ 18,942,607	\$ 19,649,967
Administrative	4,643,494	4,326,945
Utilities	148,332	152,534
Maintenance	976,944	975,030
Interest	94,186	81,784
Payment in lieu of taxes	82,897	75,141
Depreciation and amortization	822,962	830,051
General/misc	<u>1,776,117</u>	<u>429,145</u>
Total Expenses	<u><u>\$ 27,487,539</u></u>	<u><u>\$ 26,520,597</u></u>
Change in Net Position	\$ 798,487	\$ 1,359,902
Net Position, Beginning of the Year	22,236,164	20,812,219
Restatement for Adoption of New Standard	<u>-</u>	<u>64,043</u>
Net Position, End of the Year	<u><u>\$ 23,034,651</u></u>	<u><u>\$ 22,236,164</u></u>

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2019, the Authority had \$15,169,251 invested in a variety of capital assets as shown in the following schedule reflecting an increase in capital assets of \$1,221,886. While depreciation has continued to decrease, significant increases are seen in construction in progress. The increases are related to the physical improvements in public housing properties that were not completed as of the end of the fiscal year, including work towards the RAD, as well as pre-development and investment costs associated with developing additional affordable housing projects further discussed in Economic Factors and Future considerations. One the new developments, which created the increases in Buildings & Improvements and Land, is due to initial acquisition of Redwood Crossing. For a more complete picture of the current Capital Assets, see Note 4 in the Financial Statements.

Table 3
Net Capital Assets at Year End

	2019	2018
Land	\$ 1,980,453	\$ 1,760,454
Buildings and improvements	26,200,879	25,982,080
Construction in progress	2,766,112	1,377,757
Equipment	1,784,064	1,770,956
Total capital assets	<u>32,731,508</u>	<u>30,891,247</u>
Accumulated depreciation	<u>(17,562,257)</u>	<u>(16,943,882)</u>
Total capital assets, net of accumulated depreciation	<u><u>\$ 15,169,251</u></u>	<u><u>\$ 13,947,365</u></u>

Long-term Obligations

The Authority continues to regularly pay the amortized payments due on its required obligations. During this fiscal year, the Authority has received two additional Community Development Block Grants (CDBG) loans, both with deferred forgivable terms. As of September 30, 2019, the Authority had \$4,413,766 in loans (mortgages on properties). Of this total, \$1,515,439 is attributable to Southfair Apartments LP, and \$500,000 of this is scheduled for forgiveness during this current FY19/20. The other loans held by the Authority directly, total \$2,898,327, of which \$1,386,450 are secured by the assets of the Tax Credit properties (Parkway West Housing LLC and Robert Lindsey Tower Housing LLC). These carry 0% interest and have no payments due until maturity.

Economic Factors and Future Considerations

Several factors and economic events can/have impact on the Authority and its mission of assistance to achieve self-sufficiency through stable housing:

- The novel coronavirus (COVID-19) is currently on the forefront of everyone's mind. It has changed the way society has functioned, and we at the Authority are no different. With the implementation of the CARES Act and related funding, the Authority has been awarded additional funding for operations and to assist with COVID-19 related expenses. The Capital Fund Program (CFP) has increased the allowable administration percentage allowed from 10% to 15%. The Authority has been working to continue operations while ensuring the safety of both our staff and our clients. We will continue to look for new ways to operate under the current and changing environment. The Authority has been readily adaptable and continues to provide services to clients with some minor adjustments and procedure changes. Funding from CFP allowed for the purchase and implantation of remote work technology. Each day new options and technology are being explored to continue to provide service to our clients.
- The HCV program, which relies entirely on funding from HUD, has experienced significant increases in subsidy payments each month due to clients' loss of income. The Authority, as well as other main Housing Authorities, will be working with HUD and applying for set aside funding to cover any impending shortfalls in funding. Additionally, as a result of the CARES Act, the Authority was allocated funding and 23 additional Mainstream units. This allocation is in addition to the 75 new mainstream units the Authority applied for and was awarded for the 2020 calendar year. The uncertainty of funding will lie more in the years to follow this current year, when all the dust settles, and federal financing and funding levels are reviewed. The Authority continues to actively monitor all funding streams and has to date been able to adequately navigate these difficulties and maintain both our staffing and service levels.
- The Authority has started the transformation our current Public Housing portfolio, utilizing HUD's RAD (Rental Assistance Demonstration) program. This program was also previously utilized back in 2013/14 for the transition of Robert Lindsay Tower from public housing into a Low-Income Housing Tax Credit (LIHTC) project, which utilizes property based rental assistance vouchers from HUD, and private sector funding. Each of the properties that undergo transition through the RAD program will be revitalized using HUD Capital funds, net position restricted for development and funding created during the LIHTC transaction. These projects will no longer show in the Primary Government financials and will instead move to Discretely Presented Component Units, just as Robert Lindsay Tower Housing LLC and Parkway West Housing LLC currently present. The Authority has partnered with U.S. Bank on the developments of Salem Housing Preservation 4% and Salem Housing Preservation 9%. Construction began in January, and we have already moved some tenants back into their newly re-done units. Construction is scheduled for completion in December 2020 for buildings of Salem Housing Preservation 4% and the following year for Salem Housing Preservation 9%. This initial year of operation is mostly still funded via grants from HUD, but will transition to Project Based Rental Assistance (PBRA) effective January 2021.

- The Authority has acquired and is currently in construction on Redwood Crossing, a building which will have more than 30 studio style units with a community kitchen and dining areas. The project has already started a waiting list and plans to start occupancy in late Summer 2020. Planning is still ongoing to add additional units utilizing LIHTC funding and re-syndication of the Blended Component unit Southfair.

Financial Contact

This report is designed to provide our board, residents and with a general overview of the Housing Authority of the City of Salem's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kalena Plath, Financial Operations Manager, 360 Church St NE, Salem, OR 97301 or call (503)373-3809.

Housing Authority of the City of Salem
Statement of Net Position
September 30, 2019

	<u>Primary Government</u>	<u>Discretely Presented Component Units as of 12/31/2018</u>
Assets and Deferred Outflows		
Current Assets		
Cash - unrestricted	\$ 6,406,685	\$ 637,021
Cash - restricted	1,797,787	1,369,563
Accounts receivable, net of allowance		
Governmental	369,332	-
Tenants	5,506	3,572
Other	107,273	-
Prepaid expenses	37,934	22,787
Inventory	18,933	-
Investments - restricted	232,709	-
Total current assets	<u>8,976,159</u>	<u>2,032,943</u>
Capital Assets		
Non-depreciable	4,746,565	1,013,380
Depreciable, net	10,422,686	20,775,638
Total capital assets	<u>15,169,251</u>	<u>21,789,018</u>
Other Assets		
Other assets	-	86,570
Accounts receivable - developer fee	268,519	-
Related party notes receivable	6,908,327	-
Interest receivable	1,473,177	-
Total other assets	<u>8,650,023</u>	<u>86,570</u>
Deferred Outflows of Resources - Pension/OPEB	<u>1,602,627</u>	-
Total Assets and Deferred Outflows	<u>\$ 34,398,060</u>	<u>\$ 23,908,531</u>

Housing Authority of the City of Salem
Statement of Net Position
September 30, 2019

	Primary Government	Discretely Presented Component Units as of 12/31/2018
Liabilities, Deferred Inflows and Net Position		
Current Liabilities		
Accounts payable	\$ 255,686	\$ 99,735
Accounts payable - HUD	7,001	-
Accrued payroll	144,787	-
Accrued compensated absences, current portion	88,401	-
Accrued company administrative fee	-	85,618
Accrued investor service fee	-	5,628
Accrued interest, current portion	6,203	22,809
Advanced revenue	148,951	1,697
Accrued liabilities	19,331	-
Tenant security deposits payable	119,187	73,968
Notes and mortgages payable, current portion	624,745	153,319
Total current liabilities	<u>1,414,292</u>	<u>442,774</u>
Long-Term Liabilities		
Accrued compensated absences, net of current portion	46,078	-
Net pension liability	5,103,906	-
Developer fee payable	-	268,519
Notes and mortgages payable, net of current portion	3,789,021	12,245,503
Accrued interest, net of current portion	-	1,259,314
OPEB	210,630	-
Other liabilities	440,297	-
Total long-term liabilities	<u>9,589,932</u>	<u>13,773,336</u>
Total liabilities	<u>11,004,224</u>	<u>14,216,110</u>
Deferred Inflows of Resources - Pension/OPEB	<u>359,185</u>	-
Net Position		
Net investment in capital assets	12,351,416	9,390,196
Restricted	795,931	-
Unrestricted	9,887,304	302,225
Total net position	<u>23,034,651</u>	<u>9,692,421</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 34,398,060</u>	<u>\$ 23,908,531</u>

Housing Authority of the City of Salem
Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2019

	Primary Government	Discretely Presented Component Units as of 12/31/2018
Operating Revenues		
HUD PHA grants	\$ 22,395,139	\$ -
Other grants	2,003,218	-
Rental income	1,726,387	1,465,485
Other tenant income	49,322	49,033
Management fees	134,571	-
Other revenue	1,050,020	18,280
Total operating revenues	<u>27,358,657</u>	<u>1,532,798</u>
Operating Expenses		
Housing assistance payments	18,942,607	-
Tenant services	1,549,815	-
Administrative salaries and benefits	3,940,568	169,632
Other administrative	702,926	183,930
Maintenance salaries	378,349	136,923
Regular and extraordinary maintenance	598,595	203,172
Depreciation and amortization	822,962	790,974
Utilities	148,332	119,287
Payments in lieu of taxes	82,897	-
Insurance	95,078	46,440
Miscellaneous	131,224	-
Total operating expenses	<u>27,393,353</u>	<u>1,650,358</u>
Operating Income (Loss)	<u>(34,696)</u>	<u>(117,560)</u>
Non-Operating Revenues (Expenses)		
Loss on disposal of capital assets	(24,208)	(30,952)
Interest income	341,194	3,783
Interest expense	(94,186)	(596,194)
Total non-operating revenues (expenses)	<u>222,800</u>	<u>(623,363)</u>
Income (Loss) Before Capital and Other Contributions	188,104	(740,923)
Capital and Other Contributions		
HUD capital grant	610,383	-
Change in Net Position	<u>798,487</u>	<u>(740,923)</u>
Net Position, Beginning of Year	<u>22,236,164</u>	<u>10,433,344</u>
Net Position, End of Year	<u><u>\$ 23,034,651</u></u>	<u><u>\$ 9,692,421</u></u>

Housing Authority of the City of Salem

Statement of Cash Flows

Year Ended September 30, 2019

	<u>Primary Government</u>
Operating Activities	
HUD PHA grants	\$ 22,589,660
Receipts from tenants	1,774,417
Management fee receipts	134,571
Other income	3,161,121
Housing assistance payments	(18,950,222)
Cash paid to vendors	(3,791,094)
Cash paid to employees	(2,925,554)
	<u>1,992,899</u>
Net Cash from Operating Activities	
Capital and Related Financing Activities	
Purchase of capital assets	(2,077,595)
Proceeds from sale of capital assets	8,539
HUD capital contributions	610,383
Proceeds from issuance of debt	550,790
Principal payments on notes and mortgages	(129,875)
Interest payments on notes and mortgages	(94,585)
	<u>(1,132,343)</u>
Net Cash used for Capital and Related Financing Activities	
Investing Activities	
Interest on notes and fees receivable	25,056
Purchase of investments	(232,709)
Proceeds from sale of investments	250,765
	<u>43,112</u>
Net Cash from Investing Activities	
Net Change in Cash	903,668
Cash, Beginning of Year	<u>7,300,804</u>
Cash, End of Year	<u>\$ 8,204,472</u>
Reconciliation of Cash	
Cash	\$ 6,406,685
Restricted cash	1,797,787
	<u>\$ 8,204,472</u>

Housing Authority of the City of Salem

Statement of Cash Flows

Year Ended September 30, 2019

Reconciliation of Change in Net Position to Net

Cash from Operating Activities

Operating loss	\$ (34,696)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	822,962
Pension and OPEB expense	959,991
Change in assets and liabilities	
Accounts receivable	221,715
Prepaid expenses	2,388
Inventory	(6,408)
Accounts payable	(255,478)
Accounts payable -HUD	(7,615)
Accrued payroll	94,239
Other liabilities	162,928
Accrued compensated absences	(39,216)
Tenant security deposits payable	(7,308)
Unearned revenue	79,397

Total adjustments	<u>2,027,595</u>
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Net Cash from Operating Activities	<u><u>\$ 1,992,899</u></u>
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Housing Authority of the City of Salem
Combining Statement of Net Position
Discretely Presented Component Units
December 31, 2018

	Parkway West Housing LLC	Robert Lindsey Tower Housing LLC	Total Reporting Entity
Assets			
Current Assets			
Cash - unrestricted	\$ 237,902	\$ 399,119	\$ 637,021
Cash - restricted	455,802	913,761	1,369,563
Accounts receivable, net of allowance			
Tenants	546	3,026	3,572
Prepaid expenses	7,113	15,674	22,787
Total current assets	<u>701,363</u>	<u>1,331,580</u>	<u>2,032,943</u>
Capital Assets			
Non-depreciable	411,186	602,194	1,013,380
Depreciable, net	9,211,298	11,564,340	20,775,638
Total capital assets	<u>9,622,484</u>	<u>12,166,534</u>	<u>21,789,018</u>
Other Assets			
Other assets	40,425	46,145	86,570
Total assets	<u><u>\$ 10,364,272</u></u>	<u><u>\$ 13,544,259</u></u>	<u><u>\$ 23,908,531</u></u>

Housing Authority of the City of Salem

Combining Statement of Net Position

Discretely Presented Component Units

December 31, 2018

	Parkway West Housing LLC	Robert Lindsey Tower Housing LLC	Total Reporting Entity
Liabilities and Net Position			
Current Liabilities			
Accounts payable	\$ 19,607	\$ 80,128	\$ 99,735
Accrued interest, current portion	11,918	10,891	22,809
Accrued company administrative fee	85,618	-	85,618
Accrued investor service fee	5,628	-	5,628
Advanced revenue	870	827	1,697
Tenant security deposits payable	37,895	36,073	73,968
Notes and mortgages payable, current portion	54,945	98,374	153,319
Total current liabilities	216,481	226,293	442,774
Long-Term Liabilities			
Developer fee payable, current portion	-	268,519	268,519
Notes and mortgages payable, net of current portion	2,279,898	3,279,480	5,559,378
Notes payable, related party	1,314,802	5,371,323	6,686,125
Accrued interest, net of current portion	394,085	865,229	1,259,314
Total long-term liabilities	3,988,785	9,784,551	13,773,336
Total liabilities	4,205,266	10,010,844	14,216,110
Net Position			
Net investment in capital assets	5,972,839	3,417,357	9,390,196
Unrestricted	186,167	116,058	302,225
Total net position	6,159,006	3,533,415	9,692,421
Total Liabilities and Net Position	\$ 10,364,272	\$ 13,544,259	\$ 23,908,531

Housing Authority of the City of Salem
Combining Statement of Revenues, Expenses and Changes in Net Position
Discretely Presented Component Units
Year Ended December 31, 2018

	Parkway West Housing LLC	Robert Lindsey Tower Housing LLC	Total Reporting Entity
Operating Revenues			
Rental income	\$ 623,587	\$ 841,898	\$ 1,465,485
Other tenant income	26,370	22,663	49,033
Other revenue	3,128	15,152	18,280
Total operating revenues	653,085	879,713	1,532,798
Operating Expenses			
Administrative salaries and benefits	72,870	96,762	169,632
Other administrative	88,175	95,755	183,930
Maintenance salaries	44,572	92,351	136,923
Regular and extraordinary maintenance	73,323	129,849	203,172
Depreciation and amortization	372,387	418,587	790,974
Utilities	52,027	67,260	119,287
Insurance	15,229	31,211	46,440
Total operating expenses	718,583	931,775	1,650,358
Operating Loss	(65,498)	(52,062)	(117,560)
Non-Operating Revenues (Expenses)			
Other non-operating income (expenses)	(25,324)	(5,628)	(30,952)
Interest income	2,131	1,652	3,783
Interest expense	(243,712)	(352,482)	(596,194)
Total non-operating expenses	(266,905)	(356,458)	(623,363)
Change in Net Position	(332,403)	(408,520)	(740,923)
Net Position - Beginning of Year	6,491,409	3,941,935	10,433,344
Net Position - End of Year	\$ 6,159,006	\$ 3,533,415	\$ 9,692,421

Note 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization

The Housing Authority of the City of Salem (the Authority) was created by the City Council of the City of Salem (the City). 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.

The Board of Commissioners is appointed by the City Council of the City of Salem and is responsible for all activities of the Authority. The City provides various services to the Authority on a contract basis. The Authority's accounting records are maintained separately from the City's and debts incurred by the Authority are not obligations of the City.

Reporting Entity

All significant activities and organizations over which the Authority exercises oversight responsibility have been included in the financial statements. Evaluation of the reporting entity was in accordance with Statement No. 61 of the Governmental Accounting Standards Board (GASB). Based on the criteria contained therein, the Authority is a discretely presented component unit of the City of Salem.

The governmental reporting entity consists of the Authority, the primary government, and its component units. Component units are legally separate organizations for which the Board of Commissioners is financially accountable or other organizations whose nature and significant relationship with the Authority are such the exclusion would cause the Authority's financial statements to be misleading or incomplete. The basic financial statements include discretely presented component units which are reported in a separate column to emphasize they are legally separate from the primary government.

Blended Component Unit

Included within the financial reporting entity of the Authority as a blended component unit is Southfair Apartments Limited Partnership (Southfair). Southfair is wholly owned by the Authority. A separate set of financial statements for Southfair as of December 31, 2018, have been issued.

Discretely Presented Component Units

The Authority follows the guidance provided by the Governmental Accounting Standards Board (GASB) for the relationship of housing authorities as general partners or managing members of low income tax credit limited partnerships and companies whereby the limited partners and investor members have majority ownership but have delegated the majority of their rights regarding day to day operations of the partnerships and companies to the Authority. The Authority is the managing member and owns a 0.01% to 0.1% investment in the limited liability companies which are reported as discretely presented component units. The limited liability companies have December 31 year ends. Complete financial statements for these entities can be obtained at the Housing Authority of the City of Salem, 360 Church Street SE, Salem, Oregon 97301.

Parkway West Housing LLC

Parkway West Housing, LLC (Parkway) was formed to acquire, rehabilitate and operate a 78-unit low-income housing project located in Salem, Oregon. Parkway is subject to compliance with Section 42 of the Internal Revenue Code (IRC). The financial statements presented are for the year ended December 31, 2018.

Robert Lindsey Tower Housing LLC

Robert Lindsey Tower Housing, LLC (Robert Lindsey Tower) was formed to acquire, rehabilitate and operate a 108-unit low-income housing project across two properties located in Salem, Oregon. Robert Lindsey Tower is subject to compliance with Section 42 of the Internal Revenue Code (IRC). The financial statements presented are for the year ended December 31, 2018.

Programs Administered by the Authority

The Authority administers annual contribution contracts to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development (HUD) for the voucher and public housing programs. The Authority also manages tax credit affordable housing properties (owned as well as partnerships) and a non-profit owned HUD 202 property and single house.

Housing Assistance Payments

Section 8 of the Housing and Community Development Act of 1974 provides Housing Assistance Payments on behalf of lower-income families to participating housing owners. Under this program, the landlord-tenant relationship is between a rental-housing owner and a family, rather than the Authority and a family as in the Public Housing program. For approved housing, HUD contracts with the Authority to enter into contracts with owners to make assistance payments for the difference between the approved contract rent and the actual rent paid by lower-income families. The Housing Assistance Payments made to landlords are funded through Annual Contributions Contracts. For the fiscal year ending September 30, 2019, the Authority administered 2,992 vouchers through programs authorized by Section 8. The program also has 94 vouchers for disabled persons, issued under Mainstream 5 program. The funding includes 26 units of Moderate Rehabilitation Program also funded by HUD.

Public Housing

The Authority owns and operates 245 units of public housing. These properties were acquired through bonds and notes guaranteed by HUD and through grants subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants and an operating subsidy from HUD.

Affordable Housing

The Authority manages 392 units of affordable housing, primarily tax credit partnerships. This includes three properties not owned by the Authority (52 units).

Basic Financial Statements

The basic financial statements (i.e., the statements of net position, revenues, expenses, and change in net position and cash flow) report information on all of the activities of the Authority.

Program Accounting

The accounts of the Authority are organized on the basis of programs, each of which is a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, program equity, revenue, and expenses as appropriate. Governmental resources are allocated to and accounted for in individual programs based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The operations of the Authority are accounted for in a single Enterprise Fund. Enterprise funds account for those operations financed and operated in a manner similar to private business or where the Authority has decided that determination of revenues earned, costs incurred, and net income is necessary for management accountability.

Budgets and Budgetary Accounting

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

Basis of Accounting

Basis of accounting dictates when revenues and expenses 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 financial statements of the Authority. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recognized when incurred.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing housing in connection with the Authority's principal ongoing operations. The principal operating revenues are from dwelling rents and operating grants. Operating expenses for proprietary funds include administrative expenses, housing assistance payments, repair and maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of cash flows. Nonexchange transactions, in which the Authority receives value without giving equal value in exchange include grants. Revenues from grants are recognized when earned.

Cash

For purposes of the statement of cash flows, the Authority considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The restricted cash represents reserves for housing assistance payments, tenant deposits, escrow loan deposits, and capital replacement reserves.

Accounts Receivable

Accounts receivable includes receivables from tenants, the government, and amounts due from other entities. Accounts receivable from tenants include rents and charges currently due from residential residents. Payments on accounts receivable are applied to specific months. Management reviews accounts receivable monthly and estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience and other factors as necessary. As of September 30, 2019, the Authority has recorded an allowance for doubtful accounts in the amount of approximately \$8,000.

Notes and Interest Receivables

Notes and interest receivables are carried at amounts advanced, net of a reserve for uncollectible accounts, if any. As of September 30, 2019, the Authority considers the remaining notes and interest receivable to be fully collectible. There has been no allowance for doubtful accounts recorded as of September 30, 2019.

Capital Assets

Capital assets are recorded at cost or estimated historical cost for those assets greater than the capitalization amount of \$1,500. Depreciation is recorded on the books of the Authority using straight-line over estimated useful lives ranging from three to forty years as follows:

Computers	3-5 years
Office equipment and vehicles	5-7 years
Land improvements	15-20 years
Buildings	40 years

Long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recognized for the year ended September 30, 2019.

Inventory

The Authority's inventory consists of maintenance materials at its various properties. The inventory is valued at the lower of cost or market, determined under the first-in, first-out (FIFO) method.

Investments

The Authority invests in short-term obligations of the United States Treasury. All investments are stated at fair market value as of September 30, 2019.

Advanced Revenue

Advanced revenue consists of advance payments received for tenant rent, FSS coordinator grants, and HCV administration fees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has one item that qualifies for reporting in this category. It is the deferred amounts related to pensions and other post employment benefits. This amount is deferred and recognized as an outflow of resources in the period when the Authority recognizes pension expense.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category. It is the deferred amounts related to pensions and other post employment benefits. This amount is deferred and recognized as an inflow of resources in the period when the Authority recognizes pension income.

Pensions

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

Other Post Employment Benefits (OPEB)

For purposes of measuring the OPEB plan, the Housing Authority has relied on actuarial reports utilized employee census data and benefits provided by the Authority for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense. Benefit payments are financed on a pay-as-you-go basis.

Compensated Absences

Total unpaid compensated absences at September 30, 2019, were recorded on the books of the Authority based on total vested hours multiplied by current wage rates.

Payments in Lieu of Taxes

As a municipal corporation, the Authority is exempt from federal, state and local income and property taxes. Instead, the Authority is required to make a payment to local government entities called Payments in Lieu of Taxes (PILOT) on certain rental properties owned by the Authority. Under an agreement with the City of Salem, the Authority is required to make an annual payment equal to 10% of the net rents collected less utilities with respect to the Projects owned by the Authority.

Total payments in lieu of taxes were \$76,445 for the year ended September 30, 2019.

Net Position

Net Investment in Capital Assets – This represents the Authority’s investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets.

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

Unrestricted – This represents resources used for the Authority’s general operations, which are not restricted by third parties. When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, if allowed by the program rules and regulations, and then unrestricted resources as they are needed.

Risk Management

The Authority is exposed to various risks of loss related to errors and omissions; automobiles; damage to and destruction of assets; bodily injury; and workers' compensation for which the Authority has obtained insurance from the Housing Authorities Risk Retention Pool (HARRP). There has been no significant reduction in insurance coverage from the prior year and settled claims have not exceeded the level of commercial coverage in any of the past three fiscal years.

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 at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Investments**Primary Government**

The balance at September 30, 2019, by major types of cash and investment accounts are as follows:

Petty cash	\$ 100
Checking and savings accounts	8,204,372
Investments - restricted	<u>232,709</u>
	<u>\$ 8,437,181</u>
Cash - unrestricted	\$ 6,406,685
Cash and investments - restricted	<u>2,030,496</u>
	<u>\$ 8,437,181</u>

Restricted cash and investments consist of balances held for future property replacement development, operations, return of deposits to families completing the family self-sufficiency program, and payments to landlords for housing assistance for low-income families.

Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. At September 30, 2019, the Authority's deposits with various financial institutions had a bank value of \$8,258,491. The deposit balance is insured by federal depository insurance up to legal limits. Oregon revised statutes require collateralization of deposits in excess of amounts insured by the Federal Depository Insurance Corporation. All deposits in excess of federal depository insurance were held at qualified depositories for public funds. In addition, the Authority has a tri-party agreement with Reserve Bank of Boston and Key Bank to cover any amounts over FDIC limits. The Authority's deposits have been properly collateralized as of September 30, 2019.

Investments

As of September 30, 2019, the Authority held the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 to 5	6 to 10	More than 10
United States Treasury Notes	<u>\$ 232,709</u>	<u>\$ 232,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are measured and recorded using fair value measurement guidelines established by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in an active market;
- Level 2: Observable inputs other than quoted market prices; and
- Level 3: Unobservable inputs.

The Authority considers all investments to be Level 2 investments. Treasury notes categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Interest Rate Risk

The Authority's investment policy follows HUD's policy as investments of funds must be capable of being liquidated on one day's notice and must be limited to U.S. securities maturing in periods of up to one year.

Credit Risk

The Authority is required to invest all local funds in accordance with State regulations. State statutes authorize the Authority to invest in obligations of the U.S. Treasury, certificates of deposit, U.S. Government Agency Securities, instrumentalities of the U.S. Government-sponsored corporations, commercial paper, banker's acceptances, and repurchase agreements. Furthermore, the Authority is required to invest all funds in accordance with HUD regulations. Such investments are restricted to those that are backed by the full faith and credit of, or a guarantee of principal and interest by, the U.S. Government, a Government agency, or issued by a Government-sponsored agency.

Custodial Credit Risk – Investments

This is the risk that in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of its investments that are in the possession of an outside party. All investments are held in safekeeping by the financial institution counterparty or by its trust department in the Authority's name.

Discretely Presented Component Units

Restricted Cash

Restricted cash consists of tenant security deposits and various reserves as required by the operating agreements. Total restricted cash as of December 31, 2018, was \$1,369,563.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The deposit balance is insured by federal depository insurance up to legal limits. Oregon revised statutes require collateralization of deposits in excess of amounts insured by the Federal Depository Insurance Corporation. All deposits in excess of federal depository insurance were held at qualified depositories for public funds. As of December 31, 2018, Robert Lindsey Tower and Parkway West's deposits were not exposed to custodial credit risk as all deposits were insured or collateralized.

Note 3 - Notes Receivable

	<u>Principal</u>	<u>Interest</u>
Related Party Notes Receivable		
The Authority, its managing member, loaned \$230,000 of GHAP funds to Parkway West Housing LLC, for rehabilitation costs. Interest accrues at 3.27% per annum. Principal and interest are due December 31, 2069, secured by a deed of trust on property.	\$ 230,000	\$ 41,788
The Authority, its managing member, loaned \$222,246 to Robert Lindsey Tower Housing LLC, for rehabilitation of the Parkway East rental housing property. Interest accrues at 3.27% per annum. Principal and interest are due December 31, 2044, secured by a deed of trust on property.	222,246	29,688
The Authority, its managing member, loaned \$190,000 to Parkway West Housing LLC, for rehabilitation of its housing property. Interest accrues at 8% per annum. Principal and interest are due December 31, 2069, secured by a deed of trust on property.	190,000	95,953
The Authority, its managing member, loaned \$1,710,000 to Robert Lindsey Tower Housing LLC, relating to rehabilitation of its housing property. Interest accrues at 5% per annum. Principal and interest are due December 31, 2044, secured by a deed of trust on property.	1,710,000	505,342

Housing Authority of the City of Salem

Notes to Financial Statements

September 30, 2019

	<u>Principal</u>	<u>Interest</u>
The Authority, its managing member, loaned \$2,235,522 to Robert Lindsey Tower Housing LLC, for rehabilitation of its housing property. Interest accrues at 3.27% per annum. Principal and interest are due December 31, 2044, secured by a deed of trust on property.	2,235,478	388,906
The Authority, its managing member, received a seller carry-back note in the amount of \$645,292 from Parkway West Housing LLC relating to the sale of Parkway Village Apartments, LP. Interest accrues at 8% per annum. Principal and interest are due December 31, 2069, secured by a deed of trust on property.	645,292	326,135
The Authority, its managing member, loaned \$249,510 of CDBG funds to Parkway West Housing LLC, for rehabilitation costs. Interest accrues at 0% per annum. Principal is due December 31, 2069, secured by a deed of trust on property.	249,510	-
The Authority, its managing member, loaned \$1,136,940 of CDBG funds to Robert Lindsey Tower Housing LLC, for rehabilitation costs. Interest accrues at 0% per annum. Principal is due December 31, 2044, secured by a deed of trust on property.	1,136,940	-
The Authority, its managing member, received a seller carry-back note in the amount of \$288,861 from Robert Lindsey Tower, Housing, LLC relating to the sale of Parkway East rental property. Interest accrues at 5% per annum. Principal and interest are due December 31, 2044, secured by a deed of trust on property.	288,861	85,365
	<u>\$ 6,908,327</u>	<u>\$ 1,473,177</u>

Housing Authority of the City of Salem

Notes to Financial Statements

September 30, 2019

Note 4 - Capital Assets

The following is a summary of capital assets for the year ended September 30, 2019:

Primary Government

	Balance October 1, 2018	Additions	Deletions	Transfers	Balance September 30, 2019
Non-Depreciable					
Land	\$ 1,760,454	\$ 219,999	\$ -	\$ -	\$ 1,980,453
Construction in progress	1,377,757	1,388,355	-	-	2,766,112
Total non-depreciable capital assets	<u>3,138,211</u>	<u>1,608,354</u>	<u>-</u>	<u>-</u>	<u>4,746,565</u>
Depreciable					
Buildings and structures	25,982,080	375,220	(156,421)	-	26,200,879
Equipment	1,770,956	94,021	(80,913)	-	1,784,064
Total depreciable capital assets	<u>27,753,036</u>	<u>469,241</u>	<u>(237,334)</u>	<u>-</u>	<u>27,984,943</u>
Less: Accumulated Depreciation for					
Buildings and structures	(15,454,420)	(732,030)	123,674	-	(16,062,776)
Equipment	(1,489,462)	(90,932)	80,913	-	(1,499,481)
Total accumulated depreciation	<u>(16,943,882)</u>	<u>(822,962)</u>	<u>204,587</u>	<u>-</u>	<u>(17,562,257)</u>
Net Depreciable Capital Assets	<u>10,809,154</u>	<u>(353,721)</u>	<u>(32,747)</u>	<u>-</u>	<u>10,422,686</u>
Net capital assets	<u>\$ 13,947,365</u>	<u>\$ 1,254,633</u>	<u>\$ (32,747)</u>	<u>\$ -</u>	<u>\$ 15,169,251</u>

Discretely Presented Component Units

The following is a summary of capital assets as of December 31, 2018:

	Robert Lindsey Tower Housing LLC	Parkway West Housing LLC
Land	\$ 602,194	\$ 411,186
Land improvements	366,690	391,613
Building and improvements	12,512,791	9,849,771
Furniture and equipment	<u>388,778</u>	<u>511,626</u>
	13,870,453	11,164,196
Accumulated depreciation	<u>(1,703,919)</u>	<u>(1,541,712)</u>
	<u>\$ 12,166,534</u>	<u>\$ 9,622,484</u>

Note 5 - Long-Term Debt

Long-term debt for the primary government as of September 30, 2019, consisted of the following:

Primary Government

3.31%, \$675,000 mortgage note payable to Columbia Bank, due in monthly installments of \$3,866, including interest, due in full September 2024, secured by real property	\$ 534,596
2.50%, \$600,000 mortgage note payable to Columbia Bank, due in monthly installments of \$4,013, including interest, due in full August 2031, secured by real property	494,862
0%, \$191,400 mortgage note payable to the City of Salem, Oregon, due in monthly installments of \$532, due in full December 2027, unsecured	57,419
0%, \$1,136,940 mortgage note payable to the City of Salem, Oregon from CDBG funds, no payments due until maturity in December 2044, secured by assets of Robert Lindsey Tower Housing LLC	1,136,940
0%, \$249,510 mortgage note payable to the City of Salem, Oregon from CDBG funds, no payments due until maturity in December 2069, secured by assets of Parkway West LLC	249,510
0%, \$425,000 mortgage note payable to the City of Salem, Oregon from CDBG funds, no payments due until maturity in April 2034, secured by assets of Redwood Crossing, loan is forgivable if certain conditions are met	425,000
0%, \$125,790 mortgage note payable to the City of Salem, Oregon from CDBG funds, no payments due until maturity in April 2029, secured by assets of Southfair Apartments Limited Partnership	125,790

Southfair Apartments Limited Partnership

0%, mortgage note payable to the City of Salem, Oregon, due in monthly installments of \$356, due in full January 2034, secured by real property	60,275
5.35%, mortgage note payable to the Banner Bank, due in monthly installments of \$8,468, including interest, due in full June 2030, secured by real property	829,374
0%, mortgage note payable to the City of Salem, Oregon, deferred payment, loan is forgivable June 2020, secured by real property	500,000
	<u>4,413,766</u>
Less current portion	<u>(624,745)</u>
	<u>\$ 3,789,021</u>

Housing Authority of the City of Salem

Notes to Financial Statements

September 30, 2019

During the year ended September 30, 2019, the following changes occurred in long-term debt for the primary government and its blended component unit:

	Balance October 1, 2018	Increases	Decreases	Balance September 30, 2019	Due Within One Year
Notes payable	<u>\$ 3,992,851</u>	<u>\$ 550,790</u>	<u>\$ (129,875)</u>	<u>\$ 4,413,766</u>	<u>\$ 624,745</u>

Future maturities of debt for the primary government are as follows:

	Principal	Interest	Total
2020	\$ 624,745	\$ 72,163	\$ 696,908
2021	139,778	67,052	206,830
2022	145,121	61,709	206,830
2023	150,707	56,123	206,830
2024	534,516	44,857	579,373
2025-2029	815,433	106,096	921,529
2030-2034	617,014	3,726	620,740
2035-2039	-	-	-
2040-2044	-	-	-
2045-2049	1,136,942	-	1,136,942
2069	249,510	-	249,510
	<u>\$ 4,413,766</u>	<u>\$ 411,726</u>	<u>\$ 4,825,492</u>

Discretely Presented Component Units

Long-term debt for the discretely presented component units as of December 31, 2018, consisted of the following:

	2018
Parkway West Housing LLC	
8%, \$645,292 note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2069, secured by real estate	\$ 645,292
3.27%, \$230,000 GHAP note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2069, secured by real estate	230,000
0%, \$249,510 CDBG note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2069, secured by real estate	249,510

Housing Authority of the City of Salem

Notes to Financial Statements

September 30, 2019

8%, \$190,000 note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2069, secured by real estate	190,000
6%, \$2,541,032 mortgage note payable to Network for Affordable Housing (NOAH) due in monthly installments of \$16,372, including interest through September 2035, secured by real estate and an assignment of rents, net of unamortized debt issuance costs of \$48,724	2,334,843
Robert Lindsey Tower Housing LLC	
5%, \$1,710,000 note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2044, secured by real estate	1,710,000
5%, \$288,861 note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2044, secured by real estate	288,861
0%, \$1,136,940 note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2044, secured by real estate	1,136,940
3.27%, \$2,235,522 note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2044, secured by real estate	2,235,522
3.27%, \$222,246 note payable to the Housing Authority of the City of Salem, annual payments are payable solely from cash flow, as defined, due in full December 2044, secured by real estate	222,246
3.91%, \$3,622,939 mortgage note payable to NOAH, due in monthly installments of \$18,944, including interest through November 2035, secured by real estate and an assignment of rents, net of unamortized debt issuance costs of \$187,095	3,155,608
	<u>12,398,822</u>
Less current portion	<u>(153,319)</u>
	<u><u>\$ 12,245,503</u></u>

Housing Authority of the City of Salem

Notes to Financial Statements

September 30, 2019

Future maturities of debt for the discretely presented component units are as follows:

	Robert Lindsey Tower Housing LLC	Parkway West Housing LLC	Total
2020	\$ 98,374	\$ 54,945	\$ 153,319
2021	102,291	58,334	160,625
2022	106,363	61,932	168,295
2023	110,597	65,751	176,348
2024	114,999	69,807	184,806
Thereafter	8,403,648	3,387,600	11,791,248
Unamortized debt issuance costs	(187,095)	(48,724)	(235,819)
	<u>\$ 8,749,177</u>	<u>\$ 3,649,645</u>	<u>\$ 12,398,822</u>

Note 6 - Related Party Transactions

Notes Receivable

As disclosed in Note 3, the Authority is owed on various notes receivable from two low-income residential housing tax credit projects with various interest rates. During 2019, the Authority earned interest income of approximately \$316,000 relating to the notes. As of September 30, 2019, the Authority was owed \$1,473,177 for interest.

Developer Fees

The Authority has entered into a development service agreement with Robert Lindsey Tower to develop and monitor construction activity while the projects were undergoing construction. As of September 30, 2019, Robert Lindsey Tower owed the Authority \$268,519 for developer fees. These developer fees will be paid to the extent cash flow is available for payment of such fee as set forth in the Operating Agreement, but no later than December 31, 2027.

Management Fees

The Authority has entered into a management agreement with Parkway West and Robert Lindsey Tower. Terms established under the management agreements call for the payment of management fees to the Authority in exchange for services provided in managing the projects. For the year ended September 30, 2019, the Authority was paid approximately \$101,000 for management services.

Reimbursement Fees

The Authority has entered into a reimbursement agreement with Parkway West and Robert Lindsey Tower. Terms established under this agreement require payment for reimbursable expenses that were applicable to the component units. During 2018, the Authority was reimbursed approximately \$370,600 for salaries and other management expenses at the projects.

Company Administrative Management Fee

Pursuant to the operating agreement with Parkway West, the Authority is to receive an annual company administrative management fee for services provided to the project in the amount of \$17,500, increasing 3% annually. The fee is contingent upon available cash. During 2019, the Authority earned a fee of \$19,696. As of September 30, 2019, the Authority is owed \$85,618 for these fees.

Operating Deficits

The Authority is obligated to provide funds in the total amount of any operating deficit, for a period of time, as defined in the agreements. Any operating deficit paid by the Authority shall be treated as a required loan and shall be non-interest bearing and repayable from cash flows. As of September 30, 2019, the Authority has not had to make any advances to fund operating deficits.

Note 7 - Compensated Absences

Changes in compensated absences for the year ended September 30, 2019, are as follows:

	Balance October 1, 2018	Additions	Payments	Balance September 30, 2019	Due in 1 year
Compensated absences	<u>\$ 143,991</u>	<u>\$ -</u>	<u>\$ 9,512</u>	<u>\$ 134,479</u>	<u>\$ 88,401</u>

Note 8 - Employee Retirement System**Plan Description**

Employees of the Authority are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A, and Internal Revenue Code Section 401(a). Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided*1. Tier One/Tier Two Retirement Benefit ORS Chapter 238*Pension Benefits

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

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

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes

Members may choose to continue participation in their Variable Account after retiring and may experience annual benefit fluctuations due to changes in the fair value of underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0 percent.

2. OPSRP Pension Program

Pension Benefits

The OPSRP Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates:

- the date the member completes 600 hours of service in each of five calendar years,
- the date the member reaches normal retirement age, and,
- if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

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

Disability Benefits

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

3. OPSRP Individual Account Program (OPSRP IAP)

Benefit Terms

The Individual Account Program (IAP) is an individual account-based defined contribution pension plan. Benefit terms, including contribution requirements, are established by the Oregon Legislature. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. The accounts fall under Internal Revenue Code Section 401(a).

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option.

Death Benefits

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

Contributions

PERS' funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. Employer contributions for the year ended September 30, 2019 were \$372,558. The rates in effect for the fiscal year ended September 30, 2019, were 20.37 percent for Tier One/Tier Two general service member, and 14.11 percent for OPSRP Pension Program general service members. PERS eligible employees are statutorily required to contribute 6 percent of their covered annual salary to the OPSRP Individual Account Program (IAP), a defined contribution plan. As permitted, SHA opted to pick up employee contributions on behalf of the employees and contributed \$141,692 for the year ended September 30, 2019.

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

At September 30, 2019, the Authority reported a liability of \$5,103,906 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to June 30, 2019. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the Authority's proportion was 0.02950643 percent, which changed from the 0.02472729 percent measured as of June 30, 2018.

Housing Authority of the City of Salem

Notes to Financial Statements

September 30, 2019

For the year ended September 30, 2019, the Authority's recognized pension expense (income) of \$956,697. At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 281,465	\$ -
Changes of assumptions or other inputs	692,403	-
Net difference between projected and actual earnings on pension plan investments	-	144,691
Changes in proportionate share	454,872	86,353
Differences between contributions recognized and proportionate share of contributions	36,901	109,872
Contributions subsequent to the measurement date	107,823	-
	<u>\$ 1,573,464</u>	<u>\$ 340,916</u>
Total		

The \$107,823 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30

2020	\$ 547,594
2021	120,632
2022	226,573
2023	204,332
2024	25,594
Thereafter	-

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown below are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Valuation Date	December 31, 2017
Experience Study Report	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.5 percent
Long-Term Expected Rate of Return	7.2 percent
Discount Rate	7.2 percent
Projected Salary Increases	3.5 percent
Cost-of-living adjustments (COLA)	Blend of 2.00% COLA and graded COLLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Health retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex distinct, generational with Unisex, Social Security Data Scale.

Discount Rate

The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Commodities/Other	9.36%	22.21%
Total	100.00%	
Assumed Inflation - Mean		2.50%

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.2 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
Proportionate share	\$ 8,173,452	\$ 5,103,906	\$ 2,535,118

Note 9 - Other Post-Employment Benefits (OPEB)Plan Description

The Authority offers a defined benefit healthcare plan through City County Insurance Services (CIS), which offers pooled medical premium rates for fully-insured and community-rated plans. Benefit provisions are established through negotiations between the Authority and representatives of collective bargaining units. The healthcare plan provides post-retirement medical, dental and vision coverage for eligible retirees, their spouses, domestic partners and dependents. Premiums are paid by the retiree.

The Authority's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs (which because of the effect of age is generally higher in comparison to all plan members) and the amount of retiree healthcare premiums represents the Authority's implicit employer contribution. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis.

Benefits provided: The level of benefits provided by the plans are the same as those afforded to active employees. Coverage is provided to retirees, spouses and domestic partners until they become eligible for Medicare, typically age 65, and eligible dependents until age 18.

Employees covered by benefit terms: At September 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	-
Active employees with coverage	43
Total	<u>47</u>

Total OPEB Liability

The Authority's total OPEB liability of \$210,630 was measured as of October 1, 2018 and was determined by an actuarial valuation as of October 1, 2017 with results actuarially projected on a "no gain / no loss" basis to get to the October 1, 2018 measurement date.

Actuarial Assumptions and other inputs: The total OPEB liability in the October 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation rate	2.5% per year
Salary increases	Payroll growth rates including general wage inflation of 3.50% plus merit/productivity increases
Discount rate	4.15% as of October 1, 2018
Healthcare cost trend rates	11.58% for 2019, decreasing to 8% in 2020 and 0.5% per year to an ultimate rate of 5% for 2026 and later years
Retiree contributions	Retiree contributions are assumed to increase according to health care trend rates

The discount rate was selected from a range of indices where the range is given as the spread between the lowest and highest rate shown. The indices include: Bond Buyer Go 20-Bond Municipal Bond Index; S&P Municipal Bond 20-Year High Grade Rate Index; and Fidelity 20-Year Go Municipal Bond Index.

Mortality rates were based on the RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of the Oregon Public Employees Retirement System 2016 Experience Study for General Service Employees.

Changes in the Total OPEB Liability

Total OPEB liability - beginning of year	\$ 231,174
Service cost	11,720
Interest	8,458
Change of benefit terms	-
Changes in assumptions	(9,069)
Differences between expected and actual experience	(11,609)
Benefit payments	(20,044)
Net change in total OPEB liability	(20,544)
Total OPEB liability - end of year	\$ 210,630

Changes of assumptions and other inputs reflect a change in the discount rate from 3.63 percent at the beginning of the year to 4.15 percent at the end of the year.

Housing Authority of the City of Salem

Notes to Financial Statements

September 30, 2019

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.15 percent) or 1-percentage-point higher (5.15 percent) than the current discount rate:

	<u>1% Decrease (3.15%)</u>	<u>Current Discount Rate (4.15%)</u>	<u>1% Increase (5.15%)</u>
Total OPEB liability	\$ 228,284	\$ 210,630	\$ 193,974

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (9.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	<u>1% Decrease (7.0%)</u>	<u>Current Trend Rate (8.0%)</u>	<u>1% Increase (9.0%)</u>
Total OPEB liability	\$ 184,370	\$ 210,630	\$ 242,033

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the Authority recognized OPEB expense of \$19,668. At September 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 10,712
Changes of assumptions or other inputs	12,789	7,557
Net difference between projected and actual earnings on pension plan investments	-	-
Contributions subsequent to the measurement date	16,374	-
Total	<u>\$ 29,163</u>	<u>\$ 18,269</u>

The \$16,374 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2020.

Housing Authority of the City of Salem

Notes to Financial Statements

September 30, 2019

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>September 30</u>	
2020	\$ (509)
2021	(509)
2022	(509)
2023	(510)
2024	(3,443)



Required Supplementary Information
September 30, 2019

Housing Authority of the City of Salem

Housing Authority of the City of Salem
Schedule of the Proportionate Share of Net Pension Liability
For the Last Six Fiscal Years

Year Ended June 30,	Authority's proportion of the net pension liability (asset)	Authority's proportionate of the net liability (asset)	Authority's covered payroll	Authority's pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total liability
2019	0.02950643%	\$ 5,103,906	\$ 2,185,810	233.50%	80.20%
2018	0.02472729%	3,745,859	2,095,494	178.76%	82.10%
2017	0.02516865%	3,392,744	2,075,885	163.44%	83.10%
2016	0.02608279%	3,915,632	2,160,512	181.24%	91.88%
2015	0.02732118%	1,568,635	2,063,886	76.00%	103.60%
2014	0.03071158%	(696,144)	2,346,011	-29.67%	91.97%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Housing Authority of the City of Salem
Schedule of Employer Contributions
For the Last Six Fiscal Years

Year Ended September 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily contribution	(a-b) Contribution deficiency (excess)	(c) Authority's covered payroll	(b/c) Contributions as a percent of covered payroll
2019	\$ 413,176	\$ 413,176	\$ -	\$ 2,358,930	17.52%
2018	368,475	368,475	-	2,239,888	16.45%
2017	319,769	319,769	-	2,177,776	14.68%
2016	297,420	297,420	-	2,075,387	14.33%
2015	301,485	301,485	-	2,083,839	14.47%
2014	292,912	292,912	-	2,014,670	14.54%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Housing Authority of the City of Salem
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Last Two Fiscal Years

	2019	2018
Total OPEB liability - beginning of year	\$ 231,174	\$ 210,792
Service cost	11,720	11,726
Interest	8,458	6,657
Change of benefit terms	-	-
Changes in assumptions	(9,069)	19,183
Differences between expected and actual experience	(11,609)	(1,556)
Benefit payments	(20,044)	(15,628)
Net change in total OPEB liability	(20,544)	20,382
	<u>\$ 210,630</u>	<u>\$ 231,174</u>
Plan fiduciary net position as % of total OPEB liability	0.0%	0.0%
Covered payroll	\$ 2,402,264	\$ 2,321,028
Total OPEB liability as % of covered payroll	8.8%	10.0%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis.

Changes in Actuarial Methods and Assumptions -Tier 1/Tier 2 and OPSRP

A summary of key changes implemented since the December 31, 2017 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for PERS, published in July 2019.

Changes in Actuarial Methods and Allocation Procedures

Tier 1/Tier 2 UAL Amortization

Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1mer 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021-2023 biennium.

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 members' actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2018 and December 31, 2019 valuations, this weighting has been adjusted to 10 percent for General Service members based on the projected proportion of liability for new retirees attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Administrative Expenses

The administrative expense assumptions were updated to \$32.5 million per year for Tier 1/Tier 2 and \$8.0 million per year for OPSRP. Previously these were assumed to be \$37.5 million per year and \$6.5 million per year, respectively.

Changes in Demographic Assumptions

Healthy Annuitant Mortality Base Tables

The healthy annuitant mortality base tables were updated to Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments. Previously they were based on RP-2014 generational Healthy Annuitant mortality tables with group-specific collar and setback adjustments.

Disabled Mortality Base Tables

The disabled mortality base tables were updated to Pub-2010 generational Disabled Retiree mortality tables with group-specified job category and setback adjustments. Previously they were based on RP-2014 generational Disabled Retiree mortality tables.

Non-Annuitant Mortality Base Tables

The non-annuitant mortality base tables were updated to Pub-2010 generational Employee mortality tables with the same group-specific job category and setback adjustments as for healthy annuitants, and with an additional scaling factor adjustment for certain subgroups. Previously they were based on RP-2014 generational Employee mortality tables with the same group-specific collar and setback adjustments as for healthy annuitants.

Mortality Improvement Projection Scale

The mortality improvement projection scale applied to each of the base mortality tables described above was updated to reflect the most recent 60-year average unisex Social Security experience available at the time the assumptions were reviewed. The current assumption is based on experience through 2015. The previous assumption was based on experience through 2013.



Supplementary Information
September 30, 2019

Housing Authority of the City of Salem

Housing Authority of the City of Salem
Combining Statement of Net Position
September 30, 2019

	14.850 Public Housing	Business Activities	14.896 Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.239 HOME
Cash	\$ 1,384,204	\$ 3,176,169	\$ -	\$ 1,316,756	\$ -	\$ -
Restricted cash						
Security deposits	79,094	23,455	-	-	-	-
Other	351,434	778,627	-	494,227	-	-
Accounts receivable						
Accounts receivable - governmental	-	298,679	9,099	-	5,795	55,759
Accounts receivable - tenants	4,408	825	-	-	-	-
Accounts receivable - other	16,349	356,316	-	-	-	-
Prepaid expenses	21,199	1,483	-	2,665	-	-
Inventory	18,933	-	-	-	-	-
Investments - restricted	32,959	-	-	199,750	-	-
Total current assets	<u>1,908,580</u>	<u>4,635,554</u>	<u>9,099</u>	<u>2,013,398</u>	<u>5,795</u>	<u>55,759</u>
Land	985,023	792,430	-	-	-	-
Buildings and improvements	14,518,866	5,874,103	-	-	-	-
Furniture and equipment	981,324	100,138	-	266,735	-	-
Infrastructure	2,804,265	18,110	-	-	-	-
Construction in progress	1,327,008	1,043,079	-	-	-	-
Accumulated depreciation	<u>(12,928,343)</u>	<u>(2,241,275)</u>	<u>-</u>	<u>(246,580)</u>	<u>-</u>	<u>-</u>
Total capital assets, net of accumulated depreciation	7,688,143	5,586,585	-	20,155	-	-
Accounts receivable - developer fees	-	268,519	-	-	-	-
Related party notes receivable	-	7,034,117	-	-	-	-
Non-related notes receivable, net of current portion	-	-	-	-	-	-
Interest receivable	-	1,473,177	-	-	-	-
Total noncurrent assets	<u>7,688,143</u>	<u>14,362,398</u>	<u>-</u>	<u>20,155</u>	<u>-</u>	<u>-</u>
Deferred Outflows - Pension/OPEB	<u>287,455</u>	<u>343,678</u>	<u>-</u>	<u>201,834</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,884,178</u>	<u>\$ 19,341,630</u>	<u>\$ 9,099</u>	<u>\$ 2,235,387</u>	<u>\$ 5,795</u>	<u>\$ 55,759</u>

Housing Authority of the City of Salem
Combining Statement of Net Position
September 30, 2019

	14.856 Section 8 Moderate Rehabilitation	14.249 Section 8 Single Room Occupancy	COCC	Southfair Apartments LP	Eliminations	Total
Cash	\$ -	\$ 50,956	\$ 447,023	\$ 31,577	\$ -	\$ 6,406,685
Restricted cash						
Security deposits	-	-	-	16,638	-	119,187
Other	-	-	-	54,312	-	1,678,600
Accounts receivable						
Accounts receivable - governmental	-	-	29,400	-	(29,400)	369,332
Accounts receivable - tenants	-	-	-	273	-	5,506
Accounts receivable - other	-	-	-	-	(265,392)	107,273
Prepaid expenses	-	26	4,448	8,113	-	37,934
Inventory	-	-	-	-	-	18,933
Investments - restricted	-	-	-	-	-	232,709
Total current assets	-	50,982	480,871	110,913	(294,792)	8,976,159
Land	-	-	-	203,000	-	1,980,453
Buildings and improvements	-	-	-	2,932,654	-	23,325,623
Furniture and equipment	-	-	421,681	14,186	-	1,784,064
Infrastructure	-	-	-	52,881	-	2,875,256
Construction in progress	-	-	-	396,025	-	2,766,112
Accumulated depreciation	-	-	(404,940)	(1,741,119)	-	(17,562,257)
Total capital assets, net of accumulated depreciation	-	-	16,741	1,857,627	-	15,169,251
Accounts receivable - developer fees	-	-	-	-	-	268,519
Related party notes receivable	-	-	-	-	(125,790)	6,908,327
Non-related notes receivable, net of current portion	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	1,473,177
Total noncurrent assets	-	-	16,741	1,857,627	(125,790)	23,819,274
Deferred Outflows - Pension/OPEB	-	-	769,660	-	-	1,602,627
	\$ -	\$ 50,982	\$ 1,267,272	\$ 1,968,540	\$ (420,582)	\$ 34,398,060

Housing Authority of the City of Salem
Combining Statement of Net Position
September 30, 2019

	14.850 Public Housing	Business Activities	14.896 Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.239 HOME
Current Liabilities						
Accounts payable	\$ 97,080	\$ 25,501	\$ 9,099	\$ 6,143	\$ -	\$ 55,759
Accounts payable - HUD	-	-	-	389	-	-
Accrued payroll	22,581	33,004	-	55,273	-	-
Accrued compensated absences - current portion	22,678	21,644	-	14,034	-	-
Accrued interest payable	-	2,505	-	-	-	-
Unearned revenue	766	1,359	-	146,493	-	-
Accrued liabilities	38,217	9,751	-	763	-	-
Tenant security deposits payable	79,094	23,455	-	-	-	-
Notes and mortgages payable, current portion	-	64,854	-	-	-	-
Total current liabilities	260,416	182,073	9,099	223,095	-	55,759
Accrued compensated absences, net of current	-	3,617	-	42,102	-	-
Net pension liability	801,745	923,032	-	692,544	-	-
Notes and mortgages payable, net of current portion	-	2,959,263	-	-	-	-
OPEB	41,966	19,690	-	81,049	-	-
Other liabilities	69,389	-	-	370,908	-	-
Total long-term liabilities	913,100	3,905,602	-	1,186,603	-	-
Total liabilities	1,173,516	4,087,675	9,099	1,409,698	-	55,759
Deferred Inflows - Pension/OPEB	83,161	107,722	-	40,171	-	-
Net Position						
Net investment in capital assets	7,688,143	4,284,189	-	20,155	-	-
Restricted	315,004	152,062	-	323,070	5,795	-
Unrestricted	624,354	10,709,982	-	442,293	-	-
Total net position	8,627,501	15,146,233	-	785,518	5,795	-
	\$ 9,884,178	\$ 19,341,630	\$ 9,099	\$ 2,235,387	\$ 5,795	\$ 55,759

Housing Authority of the City of Salem
Combining Statement of Net Position
September 30, 2019

	14.856 Section 8 Moderate Rehabilitation	14.249 Section 8 Single Room Occupancy	COCC	Southfair Apartments LP	Eliminations	Total
Current Liabilities	\$ -	\$ 89	\$ 73,345	\$ 254,062	\$ (265,392)	\$ 255,686
Accounts payable	-	6,612	-	-	-	7,001
Accounts payable - HUD	-	196	31,700	2,033	-	144,787
Accrued payroll	-	-	-	-	-	-
Accrued compensated absences - current portion	-	120	29,925	-	-	88,401
Accrued interest payable	-	-	-	3,698	-	6,203
Unearned revenue	-	-	-	333	-	148,951
Accrued liabilities	-	-	-	-	(29,400)	19,331
Accrued liabilities	-	-	-	16,638	-	119,187
Tenant security deposits payable	-	-	-	559,891	-	624,745
Notes and mortgages payable, current portion	-	7,017	134,970	836,655	(294,792)	1,414,292
Total current liabilities	-	359	-	-	-	46,078
Accrued compensated absences, net of current Net pension liability	-	-	2,686,585	-	-	5,103,906
Notes and mortgages payable, net of current portion	-	-	-	955,548	(125,790)	3,789,021
OPEB	-	-	67,925	-	-	210,630
Other liabilities	-	-	-	-	-	440,297
Total long-term liabilities	-	359	2,754,510	955,548	(125,790)	9,589,932
Total liabilities	-	7,376	2,889,480	1,792,203	(420,582)	11,004,224
Deferred Inflows - Pension/OPEB	-	-	128,131	-	-	359,185
Net Position	-	-	16,741	342,188	-	12,351,416
Net investment in capital assets	-	-	-	-	-	795,931
Restricted	-	43,606	(1,767,080)	(165,851)	-	9,887,304
Unrestricted	-	43,606	(1,750,339)	176,337	-	23,034,651
Total net position	\$ -	\$ 50,982	\$ 1,267,272	\$ 1,968,540	\$ (420,582)	\$ 34,398,060

Housing Authority of the City of Salem
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2019

	14.850 Public Housing	Business Activities	14.896 Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.239 HOME
Operating Revenues						
HUD PHA grants	\$ 1,086,963	\$ -	\$ 248,136	\$ 20,188,062	\$ 608,348	\$ 119,093
Other grants	-	2,003,218	-	-	-	-
Tenant rental income	825,818	621,364	-	-	-	-
Other tenant income	44,362	2,233	-	-	-	-
Management fees	-	207,636	-	-	-	-
Other	41,467	648,909	-	345,357	-	-
Total operating revenues	<u>1,998,610</u>	<u>3,483,360</u>	<u>248,136</u>	<u>20,533,419</u>	<u>608,348</u>	<u>119,093</u>
Operating Expenses						
Housing assistance payments	-	-	-	18,173,516	546,868	107,448
Tenant services	47,298	1,258,421	244,096	-	-	-
Administrative salaries and benefits	588,559	1,168,789	-	1,275,045	8,701	-
Other administrative	321,722	453,048	4,040	835,406	23,792	11,645
Maintenance salaries and benefits	257,668	85,445	-	-	-	-
Regular and extraordinary maintenance	389,177	123,169	-	17,148	169	-
Depreciation and amortization	484,894	207,871	-	8,369	-	-
Utilities	62,465	60,560	-	2,351	125	-
Payment in lieu of taxes	82,897	-	-	-	-	-
Insurance	55,834	20,821	-	7,475	250	-
Miscellaneous	55,708	55	-	43,191	22,648	-
Total operating expenses	<u>2,346,222</u>	<u>3,378,179</u>	<u>248,136</u>	<u>20,362,501</u>	<u>602,553</u>	<u>119,093</u>
Operating Income (Loss)	<u>(347,612)</u>	<u>105,181</u>	<u>-</u>	<u>170,918</u>	<u>5,795</u>	<u>-</u>

Housing Authority of the City of Salem
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2019

	14.856 Section 8 Moderate Rehabilitation	14.249 Section 8 Single Room Occupancy	COCC	Southfair Apartments LP	Eliminations	Total
Operating Revenues						
HUD PHA grants	\$ -	\$ 144,537	\$ -	\$ -	\$ -	\$ 22,395,139
Other grants	-	-	-	-	-	2,003,218
Tenant rental income	-	-	-	279,205	-	1,726,387
Other tenant income	-	-	-	2,727	-	49,322
Management fees	-	-	975,345	-	(1,048,410)	134,571
Other	-	-	434	13,853	-	1,050,020
Total operating revenues	-	144,537	975,779	295,785	(1,048,410)	27,358,657
Operating Expenses						
Housing assistance payments	-	114,775	-	-	-	18,942,607
Tenant services	-	-	-	-	-	1,549,815
Administrative salaries and benefits	-	4,979	870,073	24,422	-	3,940,568
Other administrative	-	11,113	67,787	22,783	(1,048,410)	702,926
Maintenance salaries and benefits	-	-	-	35,236	-	378,349
Regular and extraordinary maintenance	-	264	12,707	55,961	-	598,595
Depreciation and amortization	-	-	5,922	115,906	-	822,962
Utilities	-	532	2,786	19,513	-	148,332
Payment in lieu of taxes	-	-	-	-	-	82,897
Insurance	-	159	356	10,183	-	95,078
Miscellaneous	-	-	-	9,622	-	131,224
Total operating expenses	-	131,822	959,631	293,626	(1,048,410)	27,393,353
Operating Income (Loss)	-	12,715	16,148	2,159	-	(34,696)

Housing Authority of the City of Salem
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2019

	14.850 Public Housing	Business Activities	14.896 Family Self-Sufficiency Program	14.871 Housing Choice Vouchers	14.879 Mainstream Vouchers	14.239 HOME
Non-Operating Revenues (Expenses)						
Loss on disposal of fixed assets	(24,208)	-	-	-	-	-
Interest income	3,463	335,087	-	2,253	-	-
Interest expense	-	(31,327)	-	-	-	-
Total non-operating revenues (expenses)	<u>(20,745)</u>	<u>303,760</u>	<u>-</u>	<u>2,253</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Interprogram Transfers	(368,357)	408,941	-	173,171	5,795	-
Capital Contributions						
HUD capital grants	610,383	-	-	-	-	-
Interprogram Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,617</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>242,026</u>	<u>408,941</u>	<u>-</u>	<u>183,788</u>	<u>5,795</u>	<u>-</u>
Net Position, Beginning of Year	<u>8,385,475</u>	<u>14,737,292</u>	<u>-</u>	<u>601,730</u>	<u>-</u>	<u>-</u>
Net Position, End of Year	<u>\$ 8,627,501</u>	<u>\$ 15,146,233</u>	<u>\$ -</u>	<u>\$ 785,518</u>	<u>\$ 5,795</u>	<u>\$ -</u>

Housing Authority of the City of Salem
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended September 30, 2019

	14.856 Section 8 Moderate Rehabilitation	14.249 Section 8 Single Room Occupancy	COCC	Southfair Apartments LP	Eliminations	Total
Non-Operating Revenues (Expenses)						
Loss on disposal of fixed assets	-	-	-	-	-	(24,208)
Interest income	-	85	-	306	-	341,194
Interest expense	-	-	-	(62,859)	-	(94,186)
Total non-operating revenues (expenses)	-	85	-	(62,553)	-	222,800
Income (Loss) Before Capital Contributions and Interprogram Transfers	-	12,800	16,148	(60,394)	-	188,104
Capital Contributions						
HUD capital grants	-	-	-	-	-	610,383
Interprogram Transfers	(10,617)	-	-	-	-	-
Change in Net Position	(10,617)	12,800	16,148	(60,394)	-	798,487
Net Position, Beginning of Year	10,617	30,806	(1,766,487)	236,731	-	22,236,164
Net Position, End of Year	\$ -	\$ 43,606	\$ (1,750,339)	\$ 176,337	\$ -	\$ 23,034,651

Housing Authority of the City of Salem
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Federal Agency/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Public and Indian Housing	14.850		\$ 1,014,417
Section 8 Project Based Cluster:			
Section 8 Housing Assistance Payments Program	14.195		27,936
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249		131,822
Total Section 8 Project Based Cluster			<u>159,758</u>
Family Self-Sufficiency Program	14.896		<u>248,136</u>
Mainstream Vouchers	14.879		602,553
Section 8 Housing Choice Vouchers	14.871		20,354,132
Total Housing Voucher Cluster			<u>20,956,685</u>
Public Housing Capital Fund	14.872		<u>682,929</u>
Total Direct Programs			<u>23,061,925</u>
<i>Passed through the City of Salem</i>			
HOME Investment Partnership Program	14.239	M-18-DC-41-0204	90,000
HOME Investment Partnership Program	14.239	M-19-DC-41-0204	29,093
Total HOME Funds			<u>119,093</u>
Community Development Block Grants	14.218	B-18-MC-41-0004	425,000
Community Development Block Grants	14.218	B-16-MC-41-0004	125,790
Total CDBG Funds			<u>550,790</u>
Total Federal Expenditures			<u><u>\$ 23,731,808</u></u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant award activity of the Housing Authority of the City of Salem (the Authority) under programs of the federal government for the year ended September 30, 2019. The information is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Authority, it is not intended and does not present the financial position, changes in net position, or cash flows of the Authority.

Note B – Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal assistance has been provided to a subrecipient.

Note C – Indirect Cost Rate

The Authority has not elected to use the 10% de minimis cost rate and does not draw for indirect administrative expenses.



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*

The Board of Commissioners
Housing Authority of the City of Salem
Salem, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Salem (the Authority) as of and for the year ended September 30, 2019, and the discretely presented component units as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 22, 2020. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
June 22, 2020



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Commissioners
Housing Authority of the City of Salem
Salem, Oregon

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Salem's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority's 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 September 30, 2019.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Eide Bailly LLP

Boise, Idaho
June 22, 2020

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Housing Voucher Cluster:	
Section 8 Housing Choice Vouchers	14.871
Mainstream Vouchers	14.879
Public and Indian Housing	14.850
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

2019-001 Department of Housing and Urban Development
CFDA # 14.871 Section 8 Housing Choice Vouchers
CFDA # 14.879 Mainstream Vouchers
Housing Voucher Cluster

Special Tests and Provisions: Housing Quality Standards Inspections
Significant Deficiency in Internal Control Over Compliance

Criteria: The Authority must inspect the unit leased to a family within the required time frame to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The Authority must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).

Condition: During our testing of annual inspections, we noted two tenant files where the inspection of the unit was not performed within the required time frame.

Cause: The current method of tracking inspections dates was manual and was not adequate to ensure inspections were performed timely.

Effect: Untimely inspections could result in a family living in conditions that do not meet HUD's housing quality standards.

Questioned Costs: None

Context/Sampling: Nonstatistical sampling was used. Sample size was 60 tenant files out of 3,098 tenant files.

Repeat Finding from Prior Year(s): No

Recommendation: Current processes and internal control should be updated to ensure inspections occur timely and within the timeframe required by HUD.

View of Responsible Officials: Upon discovery of the two tenant files where the inspection of the unit was not performed within the required time frame, Salem Housing Authority immediately reviewed all Housing Choice Voucher files and determined that a total of 9 inspections required correction. All inspections discovered were then subsequently scheduled and completed. Review procedures have been implemented to prevent this in the future.



Independent Auditor's Report Required by Oregon State Regulation

We have audited the basic financial statements of the Housing Authority of the City of Salem (the Authority), as of and for the year ended September 30, 2019, and its discretely presented component units as of and for the year ended December 31, 2018, and have issued our report thereon dated June 22, 2020. 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. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the 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 an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).

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

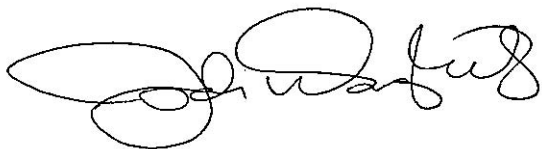
OAR 162-10-0230 Internal Control

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

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

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

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



For Eide Bailly LLP
Boise, Idaho
June 22, 2020



Financial Data Schedules
September 30, 2019

Housing Authority of the City of Salem

Housing Authority of the City of Salem (OR011)

Salem, OR

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilita-tion Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	14.856 Lower Income Housing Assistance Program_ Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,384,204		\$1,316,756	\$50,955		\$637,021	\$31,577		\$3,176,169	\$0	\$447,023	\$7,043,705		\$7,043,705
112 Cash - Restricted - Modernization and Development	\$315,004									\$0		\$315,004		\$315,004
113 Cash - Other Restricted	\$0		\$323,070			\$1,295,595	\$54,312		\$778,627	\$0		\$2,451,604		\$2,451,604
114 Cash - Tenant Security Deposits	\$79,094					\$73,968	\$16,638		\$23,455	\$0		\$193,155		\$193,155
115 Cash - Restricted for Payment of Current Liabilities	\$36,430		\$171,158							\$0		\$207,588		\$207,588
100 Total Cash	\$1,814,732	\$0	\$1,810,984	\$50,955	\$0	\$2,006,584	\$102,527	\$0	\$3,978,251	\$0	\$447,023	\$10,211,056	\$0	\$10,211,056
121 Accounts Receivable - PHA Projects										\$0	\$29,400	\$29,400	-\$29,400	\$0
124 Accounts Receivable - Other Government								\$55,759	\$298,679	\$0		\$354,438		\$354,438
125 Accounts Receivable - Miscellaneous	\$16,349					\$3,026			\$356,316	\$0		\$375,691	-\$265,392	\$110,299
126 Accounts Receivable - Tenants	\$11,657	\$0			\$0	\$546	\$273	\$0	\$1,530	\$0	\$0	\$14,006		\$14,006
126.1 Allowance for Doubtful Accounts - Tenants	-\$7,249	\$0			\$0	\$0	\$0	\$0	-\$705	\$0	\$0	-\$7,954		-\$7,954
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0			\$0	\$0		\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current										\$0				
128 Fraud Recovery										\$0				
128.1 Allowance for Doubtful Accounts - Fraud										\$0				
129 Accrued Interest Receivable										\$0				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$20,757	\$9,099	\$0	\$0	\$5,795	\$3,572	\$273	\$55,759	\$655,820	\$0	\$29,400	\$780,475	-\$294,792	\$485,683
131 Investments - Unrestricted										\$0				
132 Investments - Restricted	\$32,958		\$199,750							\$0		\$232,708		\$232,708
135 Investments - Restricted for Payment of Current Liability										\$0				
142 Prepaid Expenses and Other Assets	\$21,199		\$2,665	\$25		\$22,788	\$8,113		\$1,483	\$0	\$4,448	\$60,721		\$60,721
143 Inventories	\$18,934									\$0		\$18,934		\$18,934
143.1 Allowance for Obsolete Inventories	\$0									\$0		\$0		\$0
144 Inter Program Due From										\$0				
145 Assets Held for Sale										\$0				
150 Total Current Assets	\$1,908,580	\$9,099	\$2,013,399	\$50,980	\$5,795	\$2,032,944	\$110,913	\$55,759	\$4,635,554	\$0	\$480,871	\$11,303,894	-\$294,792	\$11,009,102
162 Buildings	\$14,518,866					\$22,362,562	\$2,932,654		\$5,874,103	\$0		\$45,688,185		\$45,688,185
163 Furniture, Equipment & Machinery - Dwellings	\$548,882					\$900,404	\$14,186		\$75,998	\$0		\$1,539,470		\$1,539,470
164 Furniture, Equipment & Machinery - Administration	\$432,442		\$266,735						\$24,140	\$0	\$421,681	\$1,144,998		\$1,144,998
165 Leasehold Improvements										\$0				
166 Accumulated Depreciation	\$12,928,342		\$246,580			\$3,245,631	\$1,741,119		\$2,241,275	\$0	-\$404,940	\$20,807,887		\$20,807,887
167 Construction in Progress	\$1,327,008						\$396,025		\$1,043,079	\$0		\$2,766,112		\$2,766,112
168 Infrastructure Assets	\$2,804,265					\$758,303	\$52,880		\$18,110	\$0		\$3,633,558		\$3,633,558
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,688,144	\$0	\$20,155	\$0	\$0	\$21,789,018	\$1,857,626	\$0	\$5,586,585	\$0	\$16,741	\$36,958,269	\$0	\$36,958,269
171 Notes, Loans and Mortgages Receivable - Non-Current									\$8,775,813	\$0		\$8,775,813	-\$125,790	\$8,650,023
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										\$0				
173 Grants Receivable - Non Current										\$0				
174 Other Assets						\$86,570	\$0			\$0		\$86,570		\$86,570
176 Investments in Joint Ventures										\$0				
180 Total Non-Current Assets	\$7,688,144	\$0	\$20,155	\$0	\$0	\$21,875,588	\$1,857,626	\$0	\$14,362,398	\$0	\$16,741	\$45,820,652	-\$125,790	\$45,694,862

Housing Authority of the City of Salem (OR011)

Salem, OR

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 09/30/2019

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilita-tion Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	14.856 Lower Income Housing Assistance Program_ Section 8 Moderate	COCC	Subtotal	ELIM	Total
200 Deferred Outflow of Resources	\$287,455		\$201,834						\$343,678	\$0	\$769,660	\$1,602,627		\$1,602,627
290 Total Assets and Deferred Outflow of Resources	\$9,884,179	\$9,099	\$2,235,388	\$50,980	\$5,795	\$23,908,532	\$1,968,539	\$55,759	\$19,341,630	\$0	\$1,267,272	\$58,727,173	-\$420,582	\$58,306,591
311 Bank Overdraft										\$0				
312 Accounts Payable <= 90 Days	\$20,127	\$9,099	\$5,587	\$88		\$40,568	\$254,061	\$55,759	\$12,808	\$0	\$6,406	\$404,503	-\$265,392	\$139,111
313 Accounts Payable >90 Days Past Due										\$0				
321 Accrued Wage/Payroll Taxes Payable	\$22,581		\$55,273	\$196			\$2,033		\$33,004	\$0	\$31,700	\$144,787		\$144,787
322 Accrued Compensated Absences - Current Portion	\$22,677		\$14,034	\$120					\$21,644	\$0	\$29,925	\$88,400		\$88,400
324 Accrued Contingency Liability										\$0				
325 Accrued Interest Payable						\$1,282,123	\$3,698		\$2,506	\$0		\$1,288,327		\$1,288,327
331 Accounts Payable - HUD PHA Programs			\$389	\$6,612						\$0		\$7,001		\$7,001
332 Account Payable - PHA Projects										\$0				
333 Accounts Payable - Other Government	\$76,445								\$11,639	\$0	\$1,230	\$89,314		\$89,314
341 Tenant Security Deposits	\$79,094					\$73,968	\$16,638		\$23,455	\$0		\$193,155		\$193,155
342 Unearned Revenue	\$767		\$146,493			\$1,698	\$333		\$1,359	\$0		\$150,650		\$150,650
343 Current Portion of Long-term Debt - Capital Projects/Mortgage						\$153,319	\$559,892		\$64,854	\$0		\$778,065		\$778,065
344 Current Portion of Long-term Debt - Operating Borrowings										\$0				
345 Other Current Liabilities	\$510		\$557						\$1,052	\$0		\$2,119		\$2,119
346 Accrued Liabilities - Other	\$38,216		\$763						\$9,751	\$0	\$65,709	\$114,439	-\$29,400	\$85,039
347 Inter Program - Due To						\$59,167				\$0		\$59,167		\$59,167
348 Loan Liability - Current										\$0				
310 Total Current Liabilities	\$260,417	\$9,099	\$223,096	\$7,016	\$0	\$1,610,843	\$836,655	\$55,759	\$182,072	\$0	\$134,970	\$3,319,927	-\$294,792	\$3,025,135
351 Long-term Debt, Net of Current - Capital Projects/Mortgage						\$5,337,132	\$955,547		\$2,959,263	\$0		\$9,251,942	-\$125,790	\$9,126,152
352 Long-term Debt, Net of Current - Operating Borrowings										\$0				
353 Non-current Liabilities - Other	\$69,389		\$370,908			\$359,765				\$0		\$800,062		\$800,062
354 Accrued Compensated Absences - Non Current			\$42,102	\$359					\$3,617	\$0		\$46,078		\$46,078
355 Loan Liability - Non Current						\$6,908,371				\$0		\$6,908,371		\$6,908,371
356 FASB 5 Liabilities										\$0				
357 Accrued Pension and OPEB Liabilities	\$843,711		\$773,593						\$942,722	\$0	\$2,754,510	\$5,314,536		\$5,314,536
350 Total Non-Current Liabilities	\$913,100	\$0	\$1,186,603	\$359	\$0	\$12,605,268	\$955,547	\$0	\$3,905,602	\$0	\$2,754,510	\$22,320,989	-\$125,790	\$22,195,199
300 Total Liabilities	\$1,173,517	\$9,099	\$1,409,699	\$7,375	\$0	\$14,216,111	\$1,792,202	\$55,759	\$4,087,674	\$0	\$2,889,480	\$25,640,916	-\$420,582	\$25,220,334
400 Deferred Inflow of Resources	\$83,161		\$40,171						\$107,722	\$0	\$128,131	\$359,185		\$359,185
508.4 Net Investment in Capital Assets	\$7,688,144	\$0	\$20,155			\$9,390,197	\$342,188	\$0	\$4,284,189	\$0	\$16,741	\$21,741,614		\$21,741,614
511.4 Restricted Net Position	\$315,004	\$0	\$323,070		\$5,795			\$0	\$152,062	\$0		\$795,931		\$795,931
512.4 Unrestricted Net Position	\$624,353	\$0	\$442,293	\$43,605		\$302,224	-\$165,851	\$0	\$10,709,983	\$0	-\$1,767,080	\$10,189,527		\$10,189,527
513 Total Equity - Net Assets / Position	\$8,627,501	\$0	\$785,518	\$43,605	\$5,795	\$9,692,421	\$176,337	\$0	\$15,146,234	\$0	-\$1,750,339	\$32,727,072	\$0	\$32,727,072
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$9,884,179	\$9,099	\$2,235,388	\$50,980	\$5,795	\$23,908,532	\$1,968,539	\$55,759	\$19,341,630	\$0	\$1,267,272	\$58,727,173	-\$420,582	\$58,306,591

Housing Authority of the City of Salem (OR011)

Salem, OR

Entity Wide Revenue and Expense Summary

Submission Type:

Fiscal Year End:

09/30/2019

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilita- tion Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	14.856 Lower Income Housing Assistance Program_ Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$825,818					\$1,474,965	\$279,205		\$621,365	\$0		\$3,201,353		\$3,201,353
70400 Tenant Revenue - Other	\$44,362					\$39,553	\$2,727		\$2,233	\$0		\$88,875		\$88,875
70500 Total Tenant Revenue	\$870,180	\$0	\$0	\$0	\$0	\$1,514,518	\$281,932	\$0	\$623,598	\$0	\$0	\$3,290,228	\$0	\$3,290,228
70600 HUD PHA Operating Grants	\$1,086,962	\$248,136	\$20,188,062	\$144,537	\$608,348			\$119,093		\$0		\$22,395,138		\$22,395,138
70610 Capital Grants	\$610,384									\$0		\$610,384		\$610,384
70710 Management Fee										\$0	\$670,583			
70720 Asset Management Fee										\$0	\$29,400	\$29,400	-\$29,400	\$0
70730 Book Keeping Fee										\$0	\$275,363	\$275,363	-\$275,363	\$0
70740 Front Line Service Fee										\$0				
70750 Other Fees									\$207,636	\$0		\$207,636	-\$73,064	\$134,572
70700 Total Fee Revenue									\$0	\$975,346	\$975,346	-\$1,048,410		\$73,064
70800 Other Government Grants									\$2,003,217	\$0		\$2,003,217		\$2,003,217
71100 Investment Income - Unrestricted	\$2,770		\$1,753	\$85		\$3,405	\$204		\$335,087	\$0		\$343,304		\$343,304
71200 Mortgage Interest Income									\$0	\$0				\$0
71300 Proceeds from Disposition of Assets Held for Sale									\$0					\$0
71400 Fraud Recovery			\$23,445						\$0			\$23,445		\$23,445
71310 Cost of Sale of Assets	\$41,465		\$321,912			\$18,280	\$13,852		\$648,906	\$0	\$434	\$1,044,849		\$1,044,849
71600 Gain or Loss on Sale of Capital Assets	\$24,208								\$0	\$2,550		-\$21,658		-\$21,658
72000 Investment Income - Restricted	\$692		\$500			\$378	\$102		\$0	\$0		\$1,672		\$1,672
70000 Total Revenue	\$2,588,245	\$248,136	\$20,535,672	\$144,622	\$608,348	\$1,536,581	\$296,090	\$119,093	\$3,818,444	\$0	\$978,330	\$30,873,561	-\$1,048,410	\$29,825,151
91100 Administrative Salaries	\$160,376		\$712,270	\$2,931	\$5,906	\$139,444	\$14,846		\$274,937	\$0	\$509,182	\$1,819,892		\$1,819,892
91200 Auditing Fees	\$3,093		\$22,418	\$1,939	\$100	\$14,793	\$7,260		\$3,268	\$0	\$6,097	\$58,968		\$58,968
91300 Management Fee	\$213,656		\$436,155	\$5,565	\$15,207				\$177,509	\$0		\$848,092	-\$670,583	\$177,509
91310 Book-keeping Fee	\$21,285		\$243,682	\$2,340	\$8,055				\$0	\$0		\$275,362	-\$275,363	\$1
91400 Advertising and Marketing						\$384			\$0	\$0		\$384		\$384
91500 Employee Benefit contributions - Administrative	\$423,615		\$556,178	\$1,579	\$2,695	\$30,188	\$9,577		\$621,846	\$0	\$372,679	\$2,018,357		\$2,018,357
91600 Office Expenses	\$48,521		\$112,996	\$1,386	\$530	\$31,983	\$3,455		\$32,305	\$0	\$55,761	\$286,937		\$286,937
91700 Legal Expense						\$138	\$232		\$0	\$0		\$232		\$232
91800 Travel	\$4,425	\$4,039	\$2,336			\$860	\$202		\$14,095	\$0	\$5,708	\$31,665		\$31,665
91810 Allocated Overhead									\$0					
91900 Other	\$499		\$1,338			\$107,612	\$11,634	\$11,645	\$208,172	\$0	\$5,864	\$346,764	\$73,064	\$273,700
91000 Total Operating - Administrative	\$876,120	\$4,039	\$2,087,373	\$15,740	\$32,493	\$325,402	\$47,206	\$11,645	\$1,332,132	\$0	\$955,291	\$5,687,441	-\$1,019,010	\$4,668,431
92000 Asset Management Fee	\$29,400									\$0		\$29,400		\$29,400
92100 Tenant Services - Salaries		\$157,294							\$173,256	\$0		\$330,550		\$330,550
92200 Relocation Costs										\$0				\$0
92300 Employee Benefit Contributions - Tenant Services		\$86,803							\$108,108	\$0		\$194,911		\$194,911
92400 Tenant Services - Other	\$448					\$302			\$1,258,421	\$0		\$1,259,171		\$1,259,171
92500 Total Tenant Services	\$448	\$244,097	\$0	\$0	\$0	\$302	\$0	\$0	\$1,539,785	\$0	\$0	\$1,784,632	\$0	\$1,784,632
93100 Water	\$19,834		\$135	\$36	\$10	\$37,589	\$5,068		\$12,164	\$0	\$191	\$75,027		\$75,027
93200 Electricity	\$26,764		\$1,404	\$371	\$75	\$33,154	\$5,221		\$22,503	\$0	\$1,939	\$91,431		\$91,431
93300 Gas	\$2,504		\$584	\$64	\$25	\$4,814			\$5,983	\$0	\$337	\$14,311		\$14,311

Housing Authority of the City of Salem (OR011)

Salem, OR

Entity Wide Revenue and Expense Summary

Submission Type:

Fiscal Year End:

09/30/2019

	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilita- tion Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	14.856 Lower Income Housing Assistance Program_ Section 8 Moderate	COCC	Subtotal	ELIM	Total
93400 Fuel										\$0				
93500 Labor										\$0				
93600 Sewer	\$13,363		\$228	\$61	\$15	\$25,622	\$9,224		\$19,909	\$0	\$0	\$68,422		\$68,422
93700 Employee Benefit Contributions - Utilities										\$0	\$319			\$319
93800 Other Utilities Expense										\$0				
93000 Total Utilities	\$62,465	\$0	\$2,351	\$532	\$125	\$101,179	\$19,513	\$0	\$60,559	\$0	\$2,786	\$249,510	\$0	\$249,510
94100 Ordinary Maintenance and Operations - Labor	\$153,241					\$118,908	\$21,214		\$52,021	\$0		\$345,384		\$345,384
94200 Ordinary Maintenance and Operations - Materials and Other	\$95,617		\$1,110	\$108	\$44	\$82,005	\$20,319		\$24,395	\$0	\$851	\$224,449		\$224,449
94300 Ordinary Maintenance and Operations Contracts	\$293,752		\$9,865	\$39	\$125	\$139,276	\$35,642		\$98,774	\$0	\$6,211	\$583,684		\$583,684
94500 Employee Benefit Contributions - Ordinary Maintenance	\$104,426					\$18,015	\$14,021		\$33,424	\$0		\$169,886		\$169,886
94000 Total Maintenance	\$647,036	\$0	\$10,975	\$147	\$169	\$358,204	\$91,196	\$0	\$208,614	\$0	\$7,062	\$1,323,403	\$0	\$1,323,403
95100 Protective Services - Labor										\$0				
95200 Protective Services - Other Contract Costs										\$0				
95300 Protective Services - Other										\$0				
95500 Employee Benefit Contributions - Protective Services										\$0				
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$33,533						\$10,183		\$20,821	\$0	\$1,947	\$66,484		\$66,484
96120 Liability Insurance	\$2,760		\$7,475	\$158	\$250	\$37,255				\$0	\$958	\$48,856		\$48,856
96130 Workmen's Compensation										\$0				
96100 All Other Insurance										\$0				
96100 Total insurance Premiums	\$55,834	\$0	\$7,475	\$158	\$250	\$37,255	\$10,183	\$0	\$20,821	\$0	\$2,905	\$134,881	\$0	\$134,881
96200 Other General Expenses	\$46,849		\$65,838			\$43,917	\$1,485		\$2,850	\$0		\$160,939		\$160,939
96210 Compensated Absences	\$4,569		\$6,597	\$469					\$9,357	\$0	\$-11,789	\$9,511		\$9,511
96300 Payments in Lieu of Taxes	\$82,897									\$0		\$82,897		\$82,897
96400 Bad debt - Tenant Rents	\$33,297					\$24,077	\$8,137		\$2,167	\$0		\$67,678		\$67,678
96500 Bad debt - Mortgages										\$0				
96600 Bad debt - Other			\$6		\$22,648				\$12,736	\$0		\$35,390		\$35,390
96800 Severance Expense										\$0				
96000 Total Other General Expenses	\$167,612	\$0	\$72,441	\$469	\$22,648	\$67,994	\$9,622	\$0	\$8,396	\$0	\$-11,789	\$337,393	\$0	\$337,393
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$600,588	\$62,858	\$0	\$31,327	\$0	\$0	\$694,773	\$0	\$694,773
96900 Total Operating Expenses	\$1,838,915	\$248,136	\$2,180,615	\$17,046	\$55,685	\$1,490,924	\$240,578	\$11,645	\$3,201,634	\$0	\$956,255	\$10,241,433	\$-1,048,410	\$9,193,023
97000 Excess of Operating Revenue over Operating Expenses	\$749,330	\$0	\$18,355,057	\$127,576	\$552,663	\$45,657	\$55,512	\$107,448	\$616,810	\$0	\$22,075	\$20,632,128	\$0	\$20,632,128
97100 Extraordinary Maintenance										\$0				
97200 Casualty Losses - Non-capitalized	\$22,411									\$0		\$22,411		\$22,411
97300 Housing Assistance Payments			\$17,919,233	\$114,775	\$546,868	\$0		\$107,448		\$0		\$18,688,324		\$18,688,324
97350 HAP Portability-In			\$254,283							\$0		\$254,283		\$254,283

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	Project Total	14.896 PIH Family Self- Sufficiency Program	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilita- tion Single Room Occupancy	14.879 Mainstream Vouchers	6.1 Component Unit - Discretely Presented	6.2 Component Unit - Blended	14.239 HOME Investment Partnerships Program	1 Business Activities	14.856 Lower Income Housing Assistance Program_ Section 8 Moderate	COCC	Subtotal	ELIM	Total
97400 Depreciation Expense	\$484,895		\$8,369			\$786,580	\$115,906		\$207,870	\$0	\$5,922	\$1,609,542		\$1,609,542
97500 Fraud Losses										\$0				
97600 Capital Outlays - Governmental Funds										\$0				
97700 Debt Principal Payment - Governmental Funds										\$0				
97800 Dwelling Units Rent Expense										\$0				
90000 Total Expenses	\$2,346,221	\$248,136	\$20,362,500	\$131,821	\$602,553	\$2,277,504	\$356,484	\$119,093	\$3,409,504	\$0	\$962,177	\$30,815,993	-\$1,048,410	\$29,767,583
10010 Operating Transfer In	\$610,384					\$0				\$0		\$610,384	-\$610,383	\$1
10020 Operating transfer Out	-\$610,384					\$0				\$0		-\$610,384	\$610,383	-\$1
10030 Operating Transfers from/to Primary Government										\$0				
10040 Operating Transfers from/to Component Unit										\$0				
10050 Proceeds from Notes, Loans and Bonds										\$0				
10060 Proceeds from Property Sales										\$0				
10070 Extraordinary Items, Net Gain/Loss						\$0				\$0		\$0		\$0
10080 Special Items (Net Gain/Loss)						\$0				\$0		\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$9,626									\$0		\$9,626	-\$9,626	\$0
10092 Inter Project Excess Cash Transfer Out	-\$9,626									\$0		-\$9,626	\$9,626	\$0
10093 Transfers between Program and Project - In										\$0				
10094 Transfers between Project and Program - Out										\$0				
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$242,024	\$0	\$173,172	\$12,801	\$5,795	-\$740,923	-\$60,394	\$0	\$408,940	\$0	\$16,153	\$57,568	\$0	\$57,568
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$146,359	\$55,623	\$0	\$69,461	\$0	\$0	\$271,443		\$271,443
11030 Beginning Equity	\$8,385,477	\$0	\$601,726	\$30,804	\$0	\$10,433,344	\$236,731	\$0	\$14,737,294	\$10,619	-\$1,766,492	\$32,669,503		\$32,669,503
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			\$10,620						\$0	-\$10,619		\$1		\$1
11050 Changes in Compensated Absence Balance										\$0				
11060 Changes in Contingent Liability Balance										\$0				
11070 Changes in Unrecognized Pension Transition Liability										\$0				
11080 Changes in Special Term/Severance Benefits Liability										\$0				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										\$0				
11100 Changes in Allowance for Doubtful Accounts - Other										\$0				
11170 Administrative Fee Equity			\$462,448							\$0		\$462,448		\$462,448
11180 Housing Assistance Payments Equity			\$323,070							\$0		\$323,070		\$323,070
11190 Unit Months Available	2940		35904	312	1128	480	480	111	1380	0		42735		42735
11210 Number of Unit Months Leased	2712		32491	301	1074	473	473	111	1368	0		39003		39003
11270 Excess Cash	\$1,112,872									\$0		\$1,112,872		\$1,112,872
11610 Land Purchases	\$0									\$0	\$0	\$0		\$0
11620 Building Purchases	\$640,680									\$0	\$0	\$640,680		\$640,680
11630 Furniture & Equipment - Dwelling Purchases										\$0		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$118,770									\$0	\$0	\$118,770		\$118,770
11650 Leasehold Improvements Purchases										\$0		\$0		\$0

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11660 Infrastructure Purchases	\$4,475									\$0	\$0	\$4,475		\$4,475
13510 CFFP Debt Service Payments	\$0									\$0	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0									\$0	\$0	\$0		\$0