

**GAINESVILLE HOUSING  
AUTHORITY**

**Basic Financial Statements  
and Supplemental  
Information**

**Year ended  
March 31, 2010**

**BERMAN HOPKINS  
WRIGHT & LAHAM**  
CPAS AND ASSOCIATES, LLP

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# BERMAN HOPKINS WRIGHT & LAHAM

CPAS AND ASSOCIATES, LLP

8035 Spyglass Hill Rd.  
Melbourne, FL 32940  
Phone: 321-757-2020  
Fax: 321-242-4844

[www.bermanhopkins.com](http://www.bermanhopkins.com)

255 S. Orange Ave. • Suite 745  
Orlando, FL 32801  
Phone: 407-841-8841  
Fax: 407-841-8849

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Gainesville Housing Authority  
Gainesville, Florida

We have audited the accompanying financial statements of the business-type activities of the Gainesville Housing Authority (the "Authority"), as of and for the year ended March 31, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Authority, as of March 31, 2010, and the respective changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2011 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note B-11 to the financial statements, certain errors were incorrectly reported in the prior and were discovered by management of the Authority during the current year. Accordingly, adjustments have been made to beginning net assets to correct these errors.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying financial data schedule and schedules of actual program costs and advances are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and are not a required part of the financial statements of the Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the Authority. The supplemental information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

February 16, 2011  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

## **Management's Discussion and Analysis**

As management of the Gainesville Housing Authority ("GHA" or "the Authority"), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities for the year ended March 31, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Gail Monahan, Gainesville Housing Authority, 1900 Southeast 4<sup>th</sup> Street, Gainesville, Florida 32602.

### **Financial Highlights**

- The assets of GHA exceeded its liabilities as of March 31, 2010, by \$9,232,016 (net assets).
- GHA's cash and cash equivalents balances as of March 31, 2010, were \$2,660,008.
- GHA had revenue from the U.S. Department of Housing and Urban Development ("HUD") of \$13,993,297, which includes funds for capital asset activities.

### **Overview of Financial Statements**

The financial statements included in this annual report are those of a special-purpose government engaged in a single business-type activity prepared on an accrual basis. Over time, significant changes in GHA's net assets serve as a useful indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of capital assets. The following statements are included:

- Balance Sheet - reports the Authority's assets, liabilities and net assets at the end of the fiscal year. You can think of the Authority's net assets as the difference between what the Authority owns (assets) and what the Authority owes (liabilities).
- Statement of Revenues, Expenses, and Changes in Net Assets - this statement presents information showing how the Authority's net assets increased or decreased during the current fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflows and cash outflows in prior or future periods.
- Statement of Cash Flows - this statement presents information showing the total cash receipts and cash disbursements of the Authority during the current fiscal year. The statement reflects the net changes in cash resulting from operations plus any other cash requirements during the current year (i.e. capital additions, debt service, prior period obligations, etc.). In addition, the statement reflects the receipt of cash that was obligated to the Authority in prior periods and subsequently received during the current fiscal year (i.e. accounts receivable, notes receivable etc.).

## Overview of Financial Statement (continued)

- Notes to the Basic Financial Statements - notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided. These notes give greater understanding on the overall activity of the Authority and how values are assigned to certain assets and liabilities and the longevity of these values. In addition, notes reflect the impact (if any) of any uncertainties the Authority may face.

In addition to the basic financial statements listed above, our report includes supplemental information. This information is to provide more detail on the Authority's various programs and the required information mandated by regulatory bodies that fund the Authority's various programs.

## Financial Analysis

	2010	2009	Net Change
Current assets	\$ 4,604,824	\$ 4,183,298	\$ 421,526
Capital assets, net	6,260,454	5,941,904	318,550
Other noncurrent assets	630,819	129,906	500,913
Total assets	<u>\$ 11,496,097</u>	<u>\$ 10,255,108</u>	<u>\$ 1,240,989</u>
Current liabilities	\$ 954,995	\$ 550,611	\$ 404,384
Long-term debt	1,275,615	1,307,838	(32,223)
Other noncurrent liabilities	33,471	199,719	(166,248)
Total liabilities	<u>2,264,081</u>	<u>2,058,168</u>	<u>205,913</u>
Invested in capital assets, net	4,940,178	4,618,071	322,107
Restricted net assets	1,014,696	473,462	541,234
Unrestricted net assets	<u>3,277,142</u>	<u>3,105,407</u>	<u>171,735</u>
Total net assets	<u>9,232,016</u>	<u>8,196,940</u>	<u>1,035,076</u>
Total liabilities and net assets	<u>\$ 11,496,097</u>	<u>\$ 10,255,108</u>	<u>\$ 1,240,989</u>

**Current Assets** increased by \$421,526 primarily due to an increase in accounts receivable from HUD for the Capital Fund and Capital Fund Stimulus Programs due to increased activity related to renovations and fixed asset purchases. There was also an increase in tenant accounts receivable due to the increase in unit months leased for the Public Housing Program.

**Net Capital Assets** increased by \$318,550 primarily due to capital projects funded through the Capital Fund and Capital Fund Stimulus Programs, that were offset by the decreases in assets related to demolition of Seminary Lane, a Section 8 New Construction site, and for depreciation expense.

**Other Noncurrent Assets** increased by \$500,913 due to a reclassification of amounts previously reported as cash and cash equivalents being moved to non-current investments during the year ended March 31, 2010.

**Current Liabilities** increased by \$404,384 primarily due to the increase in the year-end accounts payable accrual. Also the Authority has not paid their Payment in Lieu of Taxes in two years; therefore this liability continues to increase every year. While preparing the financial statements the Authority became aware of staffing changes that occurred subsequent to year end which resulted in an increased amount of compensated absences being paid out compared to previous years; therefore, the Authority appropriately classified these as a current liability. Additionally, accrued wages are reported in the current year at a balance of \$53,218.

## **Financial Analysis (continued)**

**Other Noncurrent Liabilities** decreased by \$166,248 primarily due to the staffing changes (discussed above) that occurred after year end which resulted in benefits previously considered to be noncurrent being paid out upon the employee leaving, resulting in a decrease of noncurrent liabilities of \$128,158. Additionally, during FY 2010 there was a closure of the FSS program which eliminated the previous liability of \$38,090.

**Net Assets** - The difference between an organization's assets and its liabilities is its net assets. Net assets are categorized as one of three types.

1. Invested in capital assets, net of related debt - capital assets, net of accumulated depreciation and related debt is due to the capital asset and long-term debt activity which resulted in a current year increase of \$322,107.
2. Restricted - the Authority's net assets whose use is subject to constraints imposed by law or agreement consisting primarily of debt service reserves. As of March 31, 2010, GHA had \$1,014,696 of funds reserved as restricted net assets which represents an increase of \$541,234 over prior year. This increase is primarily due to an increase in the restricted unspent funds of the Housing Choice Voucher and Veterans Affairs Supportive Housing ("VASH") Programs. The Authority is required by HUD to track these program's restricted net assets which are subject to possible recapture.
3. Unrestricted - the Authority's net assets that are neither invested in capital assets nor restricted, which change principally due to operations. These resources are available to meet the Authority's ongoing obligations to its residents and creditors. The Authority has \$3,277,142 in unrestricted net assets. The Authority's net assets are designated for housing purposes.

## Financial Analysis (continued)

	Changes in Net Assets		
	2010	2009	Net Change
Operating revenues			
HUD revenues	\$ 13,330,219	\$ 12,182,204	\$ 1,148,015
Tenant revenue, net	2,214,277	1,707,045	507,232
Other revenue	35,952	191,007	(155,055)
Total operating revenues	<u>15,580,448</u>	<u>14,080,256</u>	<u>1,500,192</u>
Operating expenses			
Administrative	2,002,269	2,053,721	(51,452)
Tenant services	208,755	626,520	(417,765)
Utilities	1,257,733	1,300,203	(42,470)
Maintenance	1,724,909	1,491,786	233,123
Protective services	8,095	5,494	2,601
Insurance	298,181	291,608	6,573
General	896,226	154,539	741,687
Depreciation	760,612	905,673	(145,061)
Housing assistance payments	8,293,440	7,756,256	537,184
Total operating expenses	<u>15,450,220</u>	<u>14,585,800</u>	<u>864,420</u>
Operating income (loss)	<u>130,228</u>	<u>(505,544)</u>	<u>635,772</u>
Nonoperating revenues (expenses)			
Gain (Loss) on disposal of assets	-	1,645	(1,645)
Interest income - unrestricted	23,567	82,908	(59,341)
Interest income - restricted	1,114	1,475	(361)
Interest expense	(112,084)	(106,514)	(5,570)
Other expense	-	(64,450)	64,450
Total nonoperating revenues (expenses)	<u>(87,403)</u>	<u>(84,936)</u>	<u>(2,467)</u>
Change in net assets before capital contributions	42,825	(590,480)	633,305
Capital contributions			
HUD capital grants	663,078	753,035	(89,957)
Change in net assets	<u>705,903</u>	<u>162,555</u>	<u>543,348</u>
Total net assets - beginning	8,196,940	8,034,385	162,555
Prior period adjustment	329,173	-	329,173
Total net assets - beginning, restated	<u>8,526,113</u>	<u>8,034,385</u>	<u>491,728</u>
Total net assets - ending	<u>\$ 9,232,016</u>	<u>\$ 8,196,940</u>	<u>\$ 1,035,076</u>

**Total Operating Revenues** increased by \$1,500,192 primarily due to an increase in the funding for the Housing Choice Voucher program of \$1,383,627 over the previous year. The New Construction program also received an increase in funding of \$198,406. These increases were offset by a decrease in funding related to the Shelter Plus Care and VASH programs. Tenant revenues also increased in the Public Housing Program due to an increase in unit months leased.



## **Financial Analysis (continued)**

**Operating Expenses** are categorized by GHA as administrative, tenant services, utilities, maintenance, protective services, insurance, general, depreciation expense and housing assistance payments.

**Total Operating Expenses** increased by \$864,420 during the year ended March 31, 2010. This is the result of various changes in housing assistance payments, depreciation expense, insurance, tenant service, general, and maintenance expenses. The primary changes in total operating expenses are due to:

- Housing assistance payments increased by \$537,184 due to an increase in the number of units leased in the Housing Choice Voucher and VASH programs as well as a reclassification from the previous years. In FY 2009 the housing assistance payments for the Shelter Plus Care Program were classified as tenant services – other, as opposed to housing assistance payments. The purpose of this program is to provide housing assistance and the expenses were properly classified as such in FY 2010.
- Maintenance expense increased by \$233,123 primarily due to a focus on bringing modernization units back on-line and completing major renovations.
- General expenses increased by \$741,687 primarily due to expenses incurred related to the closure of Seminary Lane which was a Section 8 New Construction property. There were also some reclassifications in expenses from the previous year related to clearing account balances.
- Depreciation expense decreased by \$145,061 due to assets that are still in service reaching the end of the depreciation period.
- Tenant services decreased by \$417,765 primarily due to the reclassification of Shelter Plus Care expenses discussed above.

**Prior period adjustment** During the current year, it was determined that certain interprograms and accounts receivable totaling \$329,173 were incorrectly recorded in prior years. To correct this error, the beginning net assets on the Statement of Revenues, Expenses and Changes in Net Assets have been increased by \$329,173.

### **Capital Asset and Debt Activity**

At the end of the fiscal year 2010, the investment in the Authority's net capital assets increased by \$322,107. The net change was due to replacement of several fleet vehicles and capital improvements and renovations that were made during the year offset by a removal of all assets associated with the Seminary Lane Section 8 New Construction property since this site was demolished during the year ended March 31, 2010. The accompanying financial statements include a detailed roll forward of capital assets in Note B-3.

At the end of the fiscal year 2010, the Authority had long term debt of \$1,320,276, of which \$44,661 is presented as current. The balance represents a net decrease from that of the previous year of \$27,018. No new debt was issued during the fiscal year 2010; however the outstanding debt was transferred from a blended component unit to the Authority. This loan is discussed further in Notes B-4.

### **Factors Affecting Next Year's Budget**

The Authority is primarily dependent upon HUD for the funding of its Low Rent Public Housing, Housing Choice Voucher and Capital Fund programs; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected under HUD's new model of Asset Management which requires public housing sites to operate independently in a decentralized model.

### **Economic Factors**

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Decreased income by tenants and participants in the Section 8 program.

Gainesville Housing Authority

BALANCE SHEET

March 31, 2010

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents - unrestricted	\$ 1,505,496
Cash and cash equivalents - restricted	1,154,512
Investments - unrestricted	1,076,594
Receivables, net	792,875
Prepaid expenses	3,892
Inventory, net	71,455
Total current assets	<u>4,604,824</u>

**NONCURRENT ASSETS**

Investments - unrestricted	501,755
Capital assets, net	6,260,454
Other assets	129,064
Total assets	<u>\$ 11,496,097</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Current portion of long-term debt	\$ 44,661
Accounts payable	533,716
Accrued salaries	53,218
Accrued interest payable	1,131
Accrued compensated absences	80,171
Accrued payments in lieu of taxes	102,282
Tenant security deposits	139,816
Total current liabilities	<u>954,995</u>

**NONCURRENT LIABILITIES**

Long-term debt	1,275,615
Accrued compensated absences	33,471
Total liabilities	<u>2,264,081</u>

**NET ASSETS**

Invested in capital assets, net of related debt	4,940,178
Restricted net assets	1,014,696
Unrestricted net assets	3,277,142
Total net assets	<u>9,232,016</u>
Total liabilities and net assets	<u>\$ 11,496,097</u>

The accompanying notes are an integral part of this financial statement.

**Gainesville Housing Authority**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

**Year ended March 31, 2010**

<b>OPERATING REVENUES</b>	
HUD operating revenues	\$ 13,330,219
Tenant revenue, net	2,214,277
Fraud recovery	20,623
Other revenue	<u>15,329</u>
Total operating revenues	<u>15,580,448</u>
<b>OPERATING EXPENSES</b>	
Administrative	2,002,269
Tenant services	208,755
Utilities	1,257,733
Maintenance	1,724,909
Protective services	8,095
Insurance	298,181
General	896,226
Depreciation	760,612
Housing assistance payments	<u>8,293,440</u>
Total operating expenses	<u>15,450,220</u>
<b>OPERATING INCOME</b>	<u>130,228</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income - unrestricted	23,567
Interest income - restricted	1,114
Interest expense	<u>(112,084)</u>
Total nonoperating revenues (expenses)	<u>(87,403)</u>
Change in net assets before capital contributions	42,825
<b>CAPITAL CONTRIBUTIONS</b>	
HUD capital grants	<u>663,078</u>
Change in net assets	<u>705,903</u>
Total net assets - beginning	8,196,940
Prior period adjustment	329,173
Total net assets - beginning, restated	<u>8,526,113</u>
Total net assets - ending	<u>\$ 9,232,016</u>

The accompanying notes are an integral part of this financial statement.

Gainesville Housing Authority

STATEMENT OF CASH FLOWS

Year ended March 31, 2010

**CASH FLOWS FROM OPERATING ACTIVITIES**

HUD operating grants received	\$ 13,330,219
Collections from tenants	2,320,697
Collections from other sources	35,952
Payments to employees	(2,105,696)
Payments to suppliers	(4,051,173)
Housing assistance payments	<u>(8,293,440)</u>
Net cash provided by operating activities	<u>1,236,559</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

HUD capital grants received	322,793
Payments on long term debt	(27,018)
Purchase of property and equipment	(1,036,691)
Interest paid	<u>(112,084)</u>
Net cash used in capital and related financing activities	<u>(853,000)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of investments	(1,578,349)
Interest income	<u>24,681</u>
Net cash used in investing activities	<u>(1,553,668)</u>

**NET DECREASE IN CASH**

	(1,170,109)
Cash and cash equivalents at beginning of year	<u>3,830,117</u>
Cash and cash equivalents at end of year	<u>\$ 2,660,008</u>

**AS PRESENTED IN THE ACCOMPANYING BALANCE SHEET:**

Cash and cash equivalents - unrestricted	\$ 1,505,496
Cash and cash equivalents - restricted	<u>1,154,512</u>
	<u>\$ 2,660,008</u>

**SUPPLEMENT DISCLOSURE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Mortgage note refinancing	<u>\$ 1,347,294</u>
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The accompanying notes are an integral part of this financial statement.

Gainesville Housing Authority

STATEMENT OF CASH FLOWS (continued)

Year ended March 31, 2010

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 130,228
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	760,612
Provision for bad debt	43,913
(Increase) decrease in assets:	
Receivables	89,361
Prepaid expenses	20,731
Inventories	412
Other assets	842
Increase (decrease) in liabilities:	
Accounts payable	207,239
Accrued salaries	53,218
Accrued interest payable	(1,112)
Accrued compensated absences	(65,946)
Accrued payments in lieu of taxes	62,005
Tenant security deposits	(22,245)
Deferred revenue	(4,609)
Other non-current liabilities	(38,090)
Net cash provided by operating activities	<u>\$ 1,236,559</u>

The accompanying notes are an integral part of this financial statement.

## Gainesville Housing Authority

### NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 1. Reporting entity

The Gainesville Housing Authority (the "Authority") is a public body corporate and politic pursuant to the Chapter 421 Laws of the State of Florida which was organized to provide low-rent housing for qualified individuals in accordance with laws, rules and regulations prescribed by the United States Department of Housing and Urban Development ("HUD"). The primary purpose of the Authority is to provide safe and affordable housing to low income, elderly and disabled families within Gainesville, Florida.

The Authority's governing board consists of a five member Board of Commissioners (the "Board"), which is appointed by the Mayor of the City for a term of four years. The Authority is not a component unit of the City, as defined in Governmental Accounting Standards Board Statement No. 14, as amended, *The Reporting Entity*, ("GASB No. 14") as the Board independently oversees the Authority's operations.

The definition of the reporting entity as defined by GASB No. 14, as amended, is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.

Some component units, despite being legally separate from the primary government, are so integrated with the primary government that they are in substance part of the primary government and are therefore blended with the primary government. The Authority's operations include two blended component units, which are included in the basic financial statements and consist of legally separate entities for which the Authority is financially accountable and that have the same governing board as the Authority. The blended component units are Leased Housing of Gainesville, Inc. and Gainesville, Florida Housing Corporation.

##### 2. Government-wide and fund financial statements

The government-wide financial statements report information about the reporting government as a whole excluding fiduciary activities. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities rely to a significant extent on user fees and charges for support.

Governments use fund accounting, whereby funds are organized into three major categories: governmental, proprietary and fiduciary. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses.

## Gainesville Housing Authority

### NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

#### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### 2. Government-wide and fund financial statements (continued)

For financial reporting purposes, the Authority reports all of its operations as a single business activity in a single enterprise fund. Therefore, the government-wide and the fund financial statements are the same.

Enterprise funds are proprietary funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating activities generally arise from providing services in connection with a proprietary fund's principal activity. The operating revenues of the Authority consist primarily of rental charges to tenants and operating grants from the U.S. Department of Housing and Urban Development ("HUD") and include, to a lesser extent, certain operating amounts of capital grants that offset operating expenses.

Operating expenses for the Authority include the cost of tenant services, general, administrative, maintenance, utilities, protective services, depreciation and housing assistance payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, except for capital contributions, which are presented separately.

When restricted resources meet the criteria to be available for use and unrestricted resources are also available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources, as needed.

##### 3. Measurement focus and basis of accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied. The basis of accounting used is similar to businesses in the private sector, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.



Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Measurement focus and basis of accounting (continued)

For financial reporting purposes, the Authority considers its HUD grants associated with operations as operating revenue because these funds more closely represent revenues generated from operating activities rather than nonoperating activities. HUD grants associated with capital acquisition and improvements are considered capital contributions and are presented after nonoperating activity on the accompanying statement of revenues, expenses and changes in net assets. As provided by GASB No. 34 and related guidance, tenant revenue is reported net of \$43,913 in accounts written off.

4. Summary of programs

The accompanying basic financial statements include the activities of several housing programs of the Authority. A summary of each significant program is provided below.

*Low Rent Public Housing Programs*

The Low Rent Public Housing Programs include the following: asset management projects ("AMPs") which collect operating subsidy, Public Housing Capital Fund, Public Housing Capital Fund Stimulus (Formula) Recovery Act Program, and various other related HUD grants.

The purpose of the public housing program is to provide decent and affordable housing to low-income families at reduced rents. The developments are owned, maintained and managed by the Authority. The developments/units are acquired, developed and modernized under HUD's Development and Capital Fund programs.

Funding of the program operations and development is provided by federal annual contributions, operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition and other allowances).

*Resident Opportunity and Supportive Services Program (ROSS)*

The Authority will provide supportive service to its elderly and disabled housing residents in order to enhance their quality of life and to enable residents to maintain their independence as long as possible. Services will include a wellness program, transportation, congregate meals, housekeeping aid, employment assistance, recreational activities and case management.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4. Summary of programs (continued)

*Shelter Plus Care Program*

The Shelter Plus Care Program provides rental assistance for hard-to-serve homeless persons with disabilities in connection with supportive services funded from sources outside the program. The Authority serves as the grant recipient. Meridian and VETSPACE, Inc. serve as the non-profit sponsor. The Authority will manage the rental assistance for program participants. Meridian and VETSPACE will coordinate all clinical and case management functions. Case management and support services for homeless veterans will be provided by the Department of Veterans Affairs Medical Center (VA). Up to 10% of the program participants may be non-veterans who are homeless and disabled. These individuals will be provided supportive services/case management by the referring agency/organization.

*Central Office Cost Center*

The Central Office Cost Center ("COCC") is a business unit within the Authority that generates revenue through fee for service from other Authority programs and activities.

*Housing Assistance Payments ("HAP") Programs*

HAP Programs utilize existing privately owned family rental housing units to provide decent and affordable housing to low-income families. The Section 8 Housing Choice Voucher program ("HCV"), Veterans Affairs Supportive Housing program ("VASH") and Section 8 New Construction ("S8NC") program are funded through federal housing assistance contributions from HUD for the difference between the approved landlord contract rent and the rent paid by the tenants.

5. Assets, liabilities and net assets

a. *Cash, cash equivalents and investments*

For purposes of the statement of cash flows, the Authority considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority's agent in the Authority's name. It is the Authority's policy that all funds on deposit are collateralized in accordance with both HUD requirements of the State of Florida.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net assets (continued)

b. *Receivables, net*

Receivables, net, consist of revenues earned during the fiscal year and not yet received. Amounts due from HUD represent reimbursable expenses or grant subsidies earned that have not been collected as of March 31, 2010. As of March 31, 2010, there are allowances for uncollectible amounts for tenant receivables in the amount of \$37,249. Allowances are determined by management based on the specific accounts and prior experience.

c. *Inventory, net*

Inventory, net, consists principally of materials held for use or consumption and is recorded on the first-in, first-out ("FIFO") method. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. Based on management's experience with the types of items in inventory and related usage plans, an allowance for obsolescence of \$22,488 is recorded as of March 31, 2010.

d. *Capital assets, net*

The Authority's policy is to capitalize assets with a value in excess of \$1,000. The Authority capitalizes the costs of site acquisition and improvement, structures, infrastructure, equipment and direct development costs meeting the capitalization policy. Routine repairs and maintenance are charged against operations. Assets are valued at historical cost, or estimated historical cost if actual historical cost is not available, and contributed assets are valued at fair market value on the date contributed.

Depreciation has been provided using the straight-line method over the estimated useful lives, which range as follows:

Buildings	27 years
Building improvements	10 years
Equipment - dwelling and administrative	5 years

When assets are disposed of the related cost and accumulated depreciation are relieved and any gain or loss is included in operations.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net assets (continued)

e. *Tenant security deposits*

Tenant security deposits are deposits held by the Authority that are required of tenants before they are allowed to move into an Authority owned site. The Authority records this cash as restricted, as this is money that is reimbursable to the tenant when they move out.

f. *Accrued compensated absences*

Compensated absences are those absences for which employees will be paid, such as vacation and sick leave, computed in accordance with GASB Statement No. 16. A liability for compensated absences, that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

g. *Eliminations*

For financial reporting purposes, certain amounts are internal and are therefore eliminated. The following have been eliminated from the financial statements:

i.) *Interprogram due to/from*

In the normal course of operations, certain programs pay for common costs that create interprogram receivables or payables. The interprogram receivables and payables net to zero and are eliminated for the presentation of the Authority as a whole. As of March 31, 2010, \$241,505 was eliminated.

ii.) *Fee for service*

The Authority's COCC internally charges fees to the AMPs of the Authority. These charges include management fees, bookkeeping fees, and asset management fees. For financial reporting purposes \$943,379 of fee for service charges have been eliminated for the year ended March 31, 2010.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Assets, liabilities and net assets (continued)

*h. Net assets*

In accordance with GASB No. 34, total equity as of March 31, 2010, is classified into three components of net assets:

*i.) Invested in capital assets, net of related debt*

This category consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, and improvements of those assets.

*ii.) Restricted net assets*

This category consists of net assets restricted in their use by (1) external groups such as grantors, creditors or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The balance sheet of the Authority reports \$1,014,696 of restricted net assets which consists of \$429,747 of unspent housing assistance payments in the Housing Choice Voucher program (See Note B-8-b), \$457,198 of deposits related to VASH reserves and \$127,751 of deposits related primarily to Section 8 New Construction.

*iii.) Unrestricted net assets*

This category includes all of the remaining net assets that do not meet the definition of the other two categories.

6. Application of FASB standards

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, offers the option of following all Financial Accounting Standards Board ("FASB") standards issued after November 30, 1989, unless the latter conflicts with or contradicts GASB pronouncements, or not following FASB standards issued after such date. The Authority elected the option to not follow FASB standards issued after November 30, 1989.

7. Budgets

Budgets are prepared on an annual basis for each major program and are used as a management tool throughout the accounting cycle. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

8. Income taxes

Organizations that followed the provisions of FSP FIN 48-3, which delays the implementation of FIN 48 (FASB ASC 740-10-65), *Accounting for Uncertainty for Income Taxes*, will be required to implement those provisions for the fiscal year ended 2010. The Authority qualifies as a tax-exempt governmental entity, accordingly, no provision for Federal or State income tax is required.

9. Leasing activities

The Authority is the lessor of dwelling units to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time or renewed every year. The Authority may cancel the leases only for cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within tenant revenue. Primarily all of the capital assets of the Authority are for these leasing activities except for administrative offices and equipment.

10. Use of estimates

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

11. Reclassifications

Certain items from the prior year financial statements presented as beginning balances in the current year financial statements may have been reclassified to conform to the current year presentation in the current year financial statements.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

NOTE B - DETAILED NOTES

1. Deposits and investments

As of March 31, 2010, the Authority's cash and cash equivalents consist of demand deposits with carrying values of \$2,660,008. As of March 31, 2010, the Authority's investment balance consists of a certificate of deposit with an original maturity greater than three months in the amount of \$1,578,349.

In accordance with GASB No. 40, the Authority's exposure to deposit and investment risk is disclosed as follows:

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to manage its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. As of March 31, 2010, the Authority's risk of changes in interest rates is minimal since the investments consist of certificates of deposits which have stated interest rates.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Authority's policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the United States of America. As of March 31, 2010, the Authority mitigated their exposure to credit risk by only investing in fully insured certificates of deposit.

*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. The Authority's deposit policy for custodial credit risk requires collateral to be held in the Authority's name by its agent or by the bank's trust department. As of March 31, 2010, none of the Authority's total bank balance of \$4,302,776 was exposed to custodial credit risk.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

NOTE B - DETAILED NOTES (continued)

1. Deposits and investments (continued)

*Restricted cash and cash equivalents*

Cash and cash equivalents were restricted for the following purposes at March 31, 2010:

Security deposits	\$	139,816
Voucher HAP reserves		429,747
VASH HAP reserves		457,198
Section 8 New Construction - claimants compensation fund		<u>127,751</u>
Total restricted cash	\$	<u>1,154,512</u>

2. Receivables, net

As of March 31, 2010, receivables, net consist of:

Due from HUD	\$	624,219
Tenant receivables		<u>205,905</u>
Total receivables		830,124
Allowance for doubtful accounts - Tenant		<u>(37,249)</u>
	\$	<u>792,875</u>



**Gainesville Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2010**

**NOTE B - DETAILED NOTES (continued)**

**3. Capital assets, net**

A summary of changes in capital assets is as follows:

	Balance at April 1, 2009 restated	Transfers in/ Additions	Transfers out/ Deletions	Balance at March 31, 2010
<b>Non-depreciable:</b>				
Land	\$ 670,352	\$ 118,765	\$ -	\$ 789,117
Construction in progress	916,866	704,665	-	1,621,531
<b>Total non-depreciable</b>	<b>1,587,218</b>	<b>823,430</b>	<b>-</b>	<b>2,410,648</b>
<b>Depreciated:</b>				
Buildings and improvements	25,288,843	63,476	(1,195,340)	24,156,979
Equipment - administrative	769,297	147,690	(27,434)	889,553
Equipment - dwelling	-	2,095	-	2,095
<b>Total depreciated</b>	<b>26,058,140</b>	<b>213,261</b>	<b>(1,222,774)</b>	<b>25,048,627</b>
<b>Total capital assets</b>	<b>27,645,358</b>	<b>1,036,691</b>	<b>(1,222,774)</b>	<b>27,459,275</b>
<b>Less accumulated depreciation</b>				
Buildings and improvements	(20,982,387)	(705,446)	1,195,340	(20,492,493)
Equipment - administrative	(678,596)	(55,166)	27,434	(706,328)
<b>Total accumulated depreciation</b>	<b>(21,660,983)</b>	<b>(760,612)</b>	<b>1,222,774</b>	<b>(21,198,821)</b>
<b>Capital assets, net</b>	<b>\$ 5,984,375</b>	<b>\$ 276,079</b>	<b>\$ -</b>	<b>\$ 6,260,454</b>

The Authority disposed of capital assets of \$1,222,774 with an associated accumulated depreciation of \$1,222,774, recognizing no gain or loss. These disposed assets include the Seminary Lane building as well as the related equipment. The Seminary Lane building was demolished during the year and the cost of the demolition was added to the cost of the Section 8 New Construction land.

**Gainesville Housing Authority**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**March 31, 2010**

**NOTE B - DETAILED NOTES (continued)**

4. Noncurrent liabilities

A summary of changes in noncurrent liabilities for the year ended March 31, 2010 is as follows:

	Payable at April 1, 2009	Additions	Reductions	Payable at March 31, 2010	Due Within One Year
Notes payable	\$ 1,347,294	\$ 1,327,861	\$(1,354,879)	\$ 1,320,276	\$ 44,661
Compensated absences	179,588	76,164	(142,110)	113,642	80,171
Total noncurrent liabilities	<u>\$ 1,526,882</u>	<u>\$ 1,404,025</u>	<u>\$(1,496,989)</u>	<u>\$ 1,433,918</u>	<u>\$ 124,832</u>

*Mortgage note payable*

In the fiscal year ending March 31, 2009, Gainesville, Florida Housing Corporation, Inc., a blended component unit of the Authority, held a mortgage note payable through a Lending Institution of \$1,347,294 consisting of a mortgage note issued in the amount of \$1,400,000 on August 22, 2007, and retirements in the amount of \$33,777. The note is secured by the land, buildings and equipment under signed Deeds of Trust.

During the fiscal year ending March 31, 2010, Gainesville Housing Authority took ownership of the loan that was held under Gainesville, Florida Housing Corporation, Inc., a blended component unit of the Authority. The terms of the agreement include thirty three remaining months of principal and interest payments, fixed at a rate of 7.25% payable beginning November 22, 2009. In addition, one balloon payment of any and all outstanding principal and interest shall be due and payable at the maturity date of August 22, 2012. The balance of the loan at March 31, 2010 was \$1,320,276. Interest expense for the year ended March 31, 2010 was \$112,084.

The future principal and interest maturities for the mortgage note payable as of March 31 are as follows:

	Principal	Interest
2011	\$ 44,661	\$ 78,685
2012	47,251	76,096
2013	1,228,364	138,291
	<u>\$ 1,320,276</u>	<u>\$ 293,072</u>

## Gainesville Housing Authority

### NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

#### NOTE B - DETAILED NOTES (continued)

##### 5. Pension plan

The Authority provides pension benefits for all its full-time employees through a defined contribution plan entitled "Gainesville Housing Authority Pension Plan". The plan is administered by Pension Specialist, Inc., 6271 DuPont Station Court East, Jacksonville, Florida 32217. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Board of Commissioners for the Authority is authorized to establish and amend plan benefits. Employees are eligible to participate from the date of employment. The Authority contributes 15% of the employee's base salary each month. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Authority contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Authority's current period contribution requirement.

The Authority's total payroll in fiscal year 2010 was \$1,471,363. The Authority's contributions were calculated using the base salary amount of \$1,426,605. The Authority made the required contributions amounting to \$213,991.

##### 6. Deferred Compensation Plan

The Authority provides employees the opportunity to make voluntary contributions to a 457 Deferred Compensation Plan. All contributions to the plan come from deductions by employees through payroll administration. Generally, employees can contribute up to 100% of their earnings up to the amount prescribed by Federal Regulations. For employees who meet the age requirement (within three years of 62 years of age), there is a provision allowed by Federal Law to make additional catch-up contributions up to the amount that would have been allowed over the last three years. This plan is administered by Key Financial Group/Security Benefit Life Insurance Company. Upon termination of employment, either by retirement or otherwise, the employee is entitled to the balance of the funds in his/her account. No withdrawals are allowed while the participant is still employed. In the year ending March 31, 2010, the employee contributions to the retirement plan were \$51,044.

##### 7. Risk management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Authority carries commercial insurance for all property and equipment, employee health and accident insurance, general liability, fire and extended coverage, fidelity bond, automobile, and Director and Officers liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

NOTE B - DETAILED NOTES (continued)

7. Risk management (continued)

The Authority also participates in public entity risk pool (Housing Authority's Risk Retention Group, Inc.) for boiler and machinery, fidelity bond and Director and Officers liability. Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

8. Commitments and contingencies

a. *Legal*

The Authority is party to various pending or threatened legal actions arising from the normal course of operations. Although the outcome of these actions is not presently determinable, it is the Authority's opinion that any resulting liability is not expected to have a material effect on the Authority's financial position.

b. *Grants and contracts*

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. After fiscal year ending March 31, 2010, a review was performed by HUD of the Authority's procurement policies the results of this review have not been made available as of the date of this report.

The Authority is no longer required to complete a settlement statement, HUD Form 52681, for the Housing Choice Voucher Program ("HCV"). As a result, in accordance with GASB Statement No. 33 and PIH Notice 2008-9, the amount of current year program subsidy received in excess of associated qualifying expenses is presented as net program income or loss with the cumulative excess funding being reflected in restricted net assets in the basic financial statements for both the HCV and Veterans Affairs Supportive Housing ("VASH") programs. As of March 31, 2010, unspent cumulative excess funding of \$429,747 and \$457,198 for HCV and VASH, respectively, is subject to possible future recapture.

Gainesville Housing Authority

NOTES TO BASIC FINANCIAL STATEMENTS

March 31, 2010

NOTE B - DETAILED NOTES (continued)

8. Commitments and contingencies (continued)

c. *Funds awarded*

The Authority receives funding from HUD through various grants to help subsidize the cost of project repairs, improvements and certain operating costs. Unspent awards as of March 31, 2010 amounted to:

<u>Grant</u>	<u>Unspent Awards</u>
Capital Fund Program	\$ 1,134,687
Public Housing Capital Fund Stimulus (Formula)	
Recovery Act Program	1,217,925
Resident Opportunity Support Services	222,739
Shelter Plus Care	45,867

9. Concentrations

For the year ended March 31, 2010, approximately 86% of revenues are received from HUD and approximately 79% of receivables are due from HUD.

10. Financial data schedule

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense, housing assistance payments and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants revenue, gains and losses on the disposal of fixed assets and interest expense in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the basic financial statements.

11. Prior period adjustments

During the current year, it was determined that certain interprograms and accounts receivable totaling \$329,173 were incorrectly recorded in prior years. To correct this error, the beginning net assets on the Statement of Revenues, Expenses and Changes in Net Assets have been increased by \$329,173.

12. Subsequent Events

A review was performed by HUD of the Authority's procurement policies after year end during November 2010 see Note B-8-b.

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through February 16, 2011, the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

Gainesville Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2010

Line Item No.	Account Description	AMPI Operating 14,850	AMPI Capital Fund 14,872	AMP2 Operating 14,850	AMP2 Capital Fund 14,872	AMP3 Operating 14,850	AMP3 Capital Fund 14,872	AMP99 Operating 14,850	AMP99 Capital Fund 14,872	Total AMPS	Central Office Cost Center Operating Fund	Cost Center Capital Fund	Total COCC
111	Cash - Unrestricted	265,060	-	3,267	-	395,463	-	-	-	624,790	397,941	-	397,941
118	Cash - Other Restricted	-	-	-	-	-	-	-	-	-	-	-	-
114	Cash - Tenant Security Deposits	33,269	-	37,583	-	46,759	-	-	-	119,600	-	-	-
100	Total Cash	318,329	-	40,849	-	386,222	-	-	-	744,390	397,941	-	397,941
122	Accounts Receivable - HUD	31,418	-	193,814	-	77,377	-	-	-	302,609	-	-	-
128	Accounts Receivable - Tenants	65,970	-	42,574	-	61,844	-	-	-	170,388	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(7,294)	-	(1,821)	-	(12,069)	-	-	-	(21,115)	-	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	90,154	-	224,567	-	127,161	-	-	-	467,882	-	-	-
131	Investments - Unrestricted	487,017	-	138,568	-	501,798	-	-	-	1,124,373	72,005	-	72,005
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	28,680	-	11,244	-	94,068	-	-	-	73,992	-	-	-
143	Inventories	(7,170)	-	(2,811)	-	(5,517)	-	-	-	(18,498)	-	-	-
143.1	Allowance for Obsolete Inventories	88,424	-	82,338	-	89,338	-	-	-	180,767	60,748	-	60,748
144	Interprogram Due From	1,065,423	-	419,398	-	1,192,095	-	-	-	2,556,898	590,894	-	590,894
150	Total Current Assets	1,671,657	-	1,611,858	-	3,095,624	-	-	-	419,820	7,600	-	7,600
161	Land	8,538,794	-	4,211,350	-	-	-	-	-	21,115,788	50,000	-	50,000
162	Buildings	54,588	-	83,015	-	101,177	-	-	-	218,788	541,526	-	541,526
163	Furniture, Equipment & Machinery - Dwellings	(7,857,074)	-	(3,504,986)	-	(7,150,704)	-	-	-	(18,312,744)	(464,890)	-	(464,890)
164	Furniture, Equipment & Machinery - Administration	260,072	-	182,951	-	584,715	-	-	-	1,578,968	-	-	-
166	Accumulated Depreciation	1,353,975	-	1,114,009	-	1,981,316	-	-	-	5,020,585	144,438	-	144,438
167	Construction in Progress	-	-	-	-	-	-	-	-	-	-	-	-
168	Total Fixed Assets, Net of Accumulated Depreciation	1,363,975	-	1,114,009	-	1,981,316	-	-	-	5,020,585	248,539	-	248,539
174	Other Assets	2,950,398	-	1,533,407	-	3,128,381	-	-	-	7,577,451	779,333	-	779,333
180	Total Noncurrent Assets	132,655	-	54,815	-	92,688	-	-	-	283,169	91,816	-	91,816
312	Accounts Payable <= 90 Days	8,285	-	5,443	-	10,383	-	-	-	22,081	17,251	-	17,251
321	Accrued Wages/Payroll Taxes Payable	7,949	-	5,652	-	8,917	-	-	-	22,418	44,201	-	44,201
322	Accrued Compensated Absences	-	-	-	-	-	-	-	-	-	-	-	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts Payable - Other Government	29,692	-	40,048	-	92,541	-	-	-	102,282	-	-	-
341	Tenant Security Deposits	33,269	-	37,583	-	46,759	-	-	-	119,600	-	-	-
343	Current Portion of L-T Debt - Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-
347	Interprogram Due To	-	-	-	-	-	-	-	-	-	-	-	-
310	Total Current Liabilities	208,319	-	143,548	-	183,168	-	-	-	546,530	153,268	-	153,268
357	Long-term Debt, Net of Current - Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	3,915	-	4,283	-	6,651	-	-	-	14,829	8,419	-	8,419
355	Total Noncurrent Liabilities	3,915	-	4,283	-	6,651	-	-	-	14,829	8,419	-	8,419
300	Total Liabilities	212,234	-	147,830	-	189,819	-	-	-	561,359	161,687	-	161,687
508.1	Invested in Capital Assets, Net of Related Debt	1,365,975	-	1,114,009	-	1,981,316	-	-	-	5,020,585	144,438	-	144,438
511.1	Restricted Net Assets	791,688	-	271,582	-	982,246	-	-	-	1,995,527	473,210	-	473,210
512.1	Unrestricted Net Assets	2,145,664	-	1,363,601	-	2,923,562	-	-	-	7,018,062	617,946	-	617,946
600	Total Liabilities and Equity	2,950,398	-	1,533,407	-	3,128,381	-	-	-	7,577,451	779,333	-	779,333

Gainesville Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2010

Line Item No.	Account Description	AMP1 Operating 14,850	AMP1 Capital Fund 14,872	AMP2 Operating 14,850	AMP2 Capital Fund 14,872	AMP3 Operating 14,850	AMP3 Capital Fund 14,872	AMP 99 Operating 14,850	AMP 99 Capital Fund 14,872	Total AMPS	Central Office Cost Center Operating Fund	Cost Center Capital Fund	Total COCC
70300	Net Tenant Rental Revenue	638,072	-	427,775	-	919,310	-	-	-	1,680,157	-	-	-
70400	Tenant Revenue - Other	116,916	-	48,364	-	116,363	-	-	-	282,733	-	-	-
70500	Total Tenant Revenue	754,988	-	476,139	-	737,673	-	-	-	1,962,890	-	-	-
70600	HUD PHA Grants	1,029,661	157,874	503,738	73,111	1,180,926	129,248	-	-	3,074,569	-	-	-
70610	HUD PHA Capital Grants	-	115,287	-	83,564	-	426,651	-	-	625,402	-	-	-
70710	Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-
70720	Asset Management Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-
70730	Bookkeeping Fee Revenue	-	-	-	-	-	-	-	-	-	-	-	-
71100	Investment Income - Unrestricted	4,933	-	1,396	-	5,241	-	-	-	11,570	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-	-	-	-
71500	Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-	-	-
70000	Total Revenue	1,788,682	273,161	981,283	156,675	1,923,640	555,759	-	-	5,679,620	945,277	-	945,277
91100	Administrative Salaries	50,162	-	52,981	-	109,182	-	-	-	212,215	583,067	-	583,067
91200	Accounting and Auditing Fees	5,198	-	1,465	-	5,940	-	-	-	12,623	52,500	-	52,500
91300	Management Fee	145,110	35,505	110,275	27,989	144,819	39,096	-	-	502,204	-	-	-
91310	Book-keeping Fee	19,379	-	14,728	-	19,335	-	-	-	53,431	-	-	-
91500	Employee Benefit Contributions - Administrative	29,857	-	20,323	-	49,889	-	-	-	91,169	208,663	-	208,663
91600	Office Expenses	1,240	-	4,656	-	5,555	-	-	-	11,254	4,902	-	4,902
91700	Legal Expenses	5,528	-	2,133	-	11,513	-	-	-	19,179	6,065	-	6,065
91800	Travel	588	-	1,524	-	3,291	-	-	-	5,404	27,540	-	27,540
91900	Other	29,694	-	20,444	-	30,367	-	-	-	81,105	151,581	-	151,581
92000	Asset Management Fee Expense	26,400	-	20,520	-	29,290	-	-	-	76,200	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-	-	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-	-	-	-	-
92400	Tenant Services - Other	109,917	-	8,973	-	57,760	-	-	-	176,710	168	-	168
93100	Water	39,126	-	11,887	-	48,445	-	-	-	99,181	9	-	9
93200	Electricity	224,580	-	181,656	-	153,288	-	-	-	559,526	9,092	-	9,092
93300	Gas	93,375	-	8,532	-	97,935	-	-	-	199,542	31	-	31
93600	Sewer	87,978	-	19,881	-	99,550	-	-	-	201,500	11	-	11
94100	Ordinary Maintenance and Operations - Labor	99,237	-	102,431	-	115,367	-	-	-	316,036	-	-	-
94200	OMO - Materials and Other	68,656	-	43,282	-	120,787	-	-	-	230,885	23,532	-	23,532
94300	OMO - Contract Costs	224,369	-	132,961	-	312,532	-	-	-	668,862	7,171	-	7,171
94500	Employee Benefit Contributions - Ordinary Maintenance	50,946	-	45,974	-	64,356	-	-	-	161,215	-	-	-
95200	Protective Services - Other Contract Costs	-	-	-	-	-	-	-	-	-	-	-	-
95300	Protective Services - Other	-	-	2,241	-	-	-	-	-	2,241	-	-	-



**Gainesville Housing Authority  
FINANCIAL DATA SCHEDULE**

Year ended March 31, 2010

Line Item No.	Account Description	AMP1 Operating 14,850	AMP1 Capital Fund 14,872	AMP2 Operating 14,850	AMP2 Capital Fund 14,872	AMP3 Operating 14,850	AMP3 Capital Fund 14,872	AMP99 Operating 14,850	AMP99 Capital Fund 14,872	Total AMP's	Central Office Cost Center Operating Fund	Cost Center Capital Fund	Total COCC
98110	Property Insurance	59,528	-	29,249	-	69,783	-	-	-	144,530	4,442	-	4,442
98120	Liability Insurance	16,813	-	15,690	-	18,895	-	-	-	46,317	289	-	289
98130	Workers Compensation	3,108	-	2,782	-	4,042	-	-	-	9,942	29,175	-	29,175
98140	All Other Insurance	2,783	-	1,961	-	3,206	-	-	-	7,960	5,206	-	5,206
98200	Other General Expenses	282,920	-	1,320	-	79,941	-	-	-	344,181	83,170	-	83,170
98210	Compensated Absences	7,688	-	7,466	-	12,075	-	-	-	27,229	33,886	-	33,886
98300	Payments in Lieu of Taxes	20,936	-	18,650	-	22,959	-	-	-	62,066	-	-	-
98400	Bad Debt - Tenant Rentals	6,532	-	1,035	-	17,580	-	-	-	27,127	-	-	-
98710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-	-	-
98900	Severance Expense	-	-	-	-	-	-	-	-	-	9,101	-	9,101
98900	Total Operating Expenses	1,680,276	95,505	87,593	27,989	1,983,082	39,496	-	-	4,352,901	1,239,630	-	1,239,630
97000	Excess Operating Revenue over Operating Expenses	98,406	287,856	103,700	128,276	243,778	515,703	-	-	1,325,919	(294,923)	-	(294,923)
97300	Housing Assistance Payments	-	-	-	-	-	-	-	-	-	-	-	-
97400	Depreciation Expense	246,358	-	108,798	-	275,675	-	-	-	628,787	93,773	-	93,773
98000	Total Expenses	1,924,632	95,505	986,296	27,369	1,960,737	39,096	-	-	4,981,668	1,273,373	-	1,273,373
10010	Operating transfers in	141,990	-	68,822	-	86,908	-	-	-	296,531	-	-	-
10020	Operating transfers out	-	(122,369)	-	(46,712)	(37,288)	(90,152)	-	-	(295,531)	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	(5,640)	115,287	61,596	83,564	16,714	426,551	-	-	697,752	(323,096)	-	(323,096)
11090	Beginning Equity	2,094,427	-	1,240,084	-	2,528,146	-	561,285	-	6,423,942	550,285	-	550,285
11040	Prior Period Adjustments, Equity transfer and correction of errors	(58,990)	-	377	-	(47,849)	-	-	-	(105,562)	396,477	-	396,477
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	-	-	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-
11190	Unit Months Available	2,640	-	2,652	-	2,928	-	-	-	7,660	-	-	-
11210	Number of Unit Months Leased	2,593	-	1,939	-	2,578	-	-	-	7,124	-	-	-
11270	Excess Cash	659,236	-	194,292	-	775,861	-	-	-	1,600,630	-	-	-
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	115,287	-	121,240	-	426,551	-	-	663,078	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvement Purchases	-	-	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-
13510	OFFR Debt Service Payments	-	-	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-

Gainesville Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2010

Line Item No.	Account Description	Section 8 Housing Choice Voucher Program 14.871	Veterans Affairs Supportive Housing 14.VASH	State and Local	Resident Opportunity and Supportive Services 14.870	Capital Fund Stimulus Grant	Shelter Plus Care 14.238	NC SRR Section 8 Programs 14.182	Business Activities (Blended Component Units)	Elimination	Total
111	Cash - Unrestricted	123,990	-	-	-	-	-	359,895	-	-	1,506,496
113	Cash - Other Restricted	429,747	457,198	-	-	-	-	127,751	-	-	1,014,696
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	20,216	-	-	139,316
100	Total Cash	552,837	457,198	-	-	-	-	507,862	-	-	2,660,008
122	Accounts Receivable - HUD	7,423	-	-	34,463	67,140	178,207	94,377	-	-	624,219
126	Accounts Receivable - Tenants	-	-	-	-	-	-	35,517	-	-	205,905
125.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	(16,194)	-	-	(37,240)
120	Total Receivables, Net of Allowance for Doubtful Accounts	7,423	-	-	34,463	67,140	178,207	53,760	-	-	792,875
131	Investments - Unrestricted	361,971	-	-	-	-	-	-	-	-	1,578,349
132	Investments - Restricted	-	-	-	-	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	3,892	-	-	3,892
143	Inventories	-	-	-	-	-	-	19,551	-	-	93,943
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	(3,900)	-	-	(22,458)
144	Interprogram Due From	-	-	-	-	-	-	-	(241,505)	-	-
150	Total Current Assets	942,231	457,198	-	34,463	67,140	178,207	561,265	(241,505)	(241,505)	5,106,579
161	Land	-	-	-	-	-	-	361,887	-	-	789,117
162	Buildings	-	-	-	-	-	-	2,991,211	-	-	24,156,979
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	2,055	-	-	2,055
164	Furniture, Equipment & Machinery - Administration	94,327	-	-	-	-	-	34,942	-	-	893,553
165	Accumulated Depreciation	(52,859)	-	-	-	-	-	(2,375,488)	-	-	(21,198,821)
167	Construction in Progress	-	-	-	-	-	-	42,588	-	-	1,821,531
169	Total Fixed Assets, Net of Accumulated Depreciation	41,428	-	-	-	-	-	1,054,025	-	-	6,295,454
174	Other Assets	-	-	-	-	-	-	24,361	-	-	129,084
190	Total Noncurrent Assets	41,428	-	-	-	-	-	1,078,886	-	-	6,989,518
190	Total Assets	983,959	457,198	-	34,463	67,140	178,207	1,994,151	(241,505)	(241,505)	11,495,097
312	Accounts Payable < 90 Days	21,841	-	-	629	37,676	-	101,535	-	-	533,715
321	Accrued Wage/Payroll Taxes Payable	8,445	-	-	-	-	-	5,481	-	-	53,218
322	Accrued Compensated Absences	8,896	-	-	-	-	-	4,568	-	-	80,171
325	Accrued Interest Payable	-	-	-	-	-	-	1,131	-	-	102,282
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	-	-	-	20,216	-	-	139,316
343	Current Portion of LT Debt - Capital Projects	-	-	-	-	-	-	44,681	-	-	44,681
347	Interprogram Due To	-	-	-	33,684	29,464	178,207	-	(241,505)	-	-
310	Total Current Liabilities	39,272	-	-	34,463	67,140	178,207	177,520	(241,505)	(241,505)	954,866
351	Long-term Debt, Net of Current - Capital projects	-	-	-	-	-	-	1,275,615	-	-	1,275,615
354	Accrued Compensated Absences - Non Current	6,770	-	-	-	-	-	3,444	-	-	33,471
350	Total Noncurrent Liabilities	6,770	-	-	-	-	-	1,279,059	-	-	1,309,086
300	Total Liabilities	46,042	-	-	34,463	67,140	178,207	1,458,579	(241,505)	(241,505)	2,264,081
508.1	Invested in Capital Assets, Net of Related Debt	41,428	-	-	(265,251)	-	-	-	-	-	4,940,178
511.1	Unrestricted Net Assets	429,747	457,198	-	-	-	-	127,751	-	-	1,014,696
512.1	Unrestricted Net Assets	466,433	-	-	-	-	-	341,972	-	-	3,277,142
519	Total Equity	937,608	457,198	-	34,463	67,140	178,207	203,472	-	-	9,252,016
600	Total Liabilities and Equity	983,959	457,198	-	34,463	67,140	178,207	1,692,151	(241,505)	(241,505)	11,495,097

Gainesville Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2010

Line Item No.	Account Description	Section 8 Housing Choice Voucher Program 14,671	Veterans Affairs Supportive Housing 14, VASH	State and Local	Resident Opportunity and Supportive Services 14,870	Capital Fund Stimulus Grant	Shelter Plus Care 14,238	NC S/R Section 8 Programs 14,182	Business Activities (Bencod Component Units)	Elimination	Total
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	265,340	-	-	1,950,497
70400	Tenant Revenue - Other	-	-	-	-	-	-	24,960	-	-	307,863
70500	Total Tenant Revenue	-	-	-	-	-	-	290,300	-	-	2,258,190
70600	HJLD PHA Grants	9,212,761	350,751	-	43,777	33,669	178,207	495,477	-	-	13,330,219
70700	HJLD PHA Capital Grants	-	-	-	-	37,678	-	-	-	(719,000)	693,078
70720	Management Fee Revenue	-	-	-	-	-	-	-	-	(79,200)	-
70730	Bookkeeping Fee Revenue	-	-	-	-	-	-	-	-	(148,149)	-
71100	Investment Income - Unrestricted	4,938	-	-	-	-	-	5,181	-	-	23,567
71400	Fraud recovery	20,623	-	-	-	-	-	-	-	-	20,623
71500	Other revenue	15,929	-	-	-	-	-	-	-	-	15,329
72000	Investment Income - Restricted	-	-	-	-	-	-	1,114	-	-	1,114
70000	Total Revenue	9,253,971	350,751	-	43,777	71,344	178,207	733,062	-	(943,379)	16,312,120
91100	Administrative Salaries	221,460	-	-	-	-	-	44,013	-	-	1,060,885
91200	Accounting and Auditing Fees	11,138	-	-	-	-	-	960	-	-	77,251
91300	Management Fee	160,806	-	-	-	-	-	65,880	-	(719,090)	-
91310	Book-keeping Fee	94,373	-	-	-	-	-	345	-	(148,149)	-
91500	Employee Benefit Contributions - Administrative	105,914	-	-	-	-	-	25,469	-	-	481,195
91600	Office Expenses	6,972	-	-	1,886	-	-	29,856	-	-	18,042
91700	Legal Expenses	-	-	-	-	-	-	2,156	-	-	61,664
91800	Travel	-	-	-	1,980	-	-	-	-	-	95,519
91900	Other	51,915	-	-	789	-	-	32,043	-	-	317,483
92000	Asset Management Fee Expense	-	-	-	-	-	-	-	-	(76,200)	-
92100	Tenant Services - Salaries	-	-	-	25,700	-	-	-	-	-	25,700
92200	Employee Benefit Contributions - Tenant Services	-	-	-	5,650	-	-	-	-	-	5,650
92400	Tenant Services - Other	-	-	-	-	-	-	1,327	-	-	177,205
93100	Water	-	-	-	-	-	-	18,145	-	-	117,353
93200	Electricity	-	-	-	-	-	-	131,482	-	-	700,080
93300	Gas	-	-	-	-	-	-	8,306	-	-	207,879
93500	Sewer	-	-	-	-	-	-	90,621	-	-	222,441
94100	Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	66,793	-	-	394,828
94200	OMO - Materials and Other	-	-	-	3,647	-	-	71,319	-	-	329,353
94300	OMO - Contract Costs	-	-	-	-	33,698	-	115,377	-	-	626,078
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	23,405	-	-	184,620
95200	Protective Services - Other Contract Costs	-	-	-	4,175	-	-	1,329	-	-	5,504
95300	Protective Services - Other	-	-	-	950	-	-	-	-	-	2,991

Gainesville Housing Authority

FINANCIAL DATA SCHEDULE

Year ended March 31, 2010

Line Item No.	Account Description	Section 6 Housing Choice Voucher Program 14,871	Veterans Affairs Supportive Housing 14, VASH	State and Local	Resident Opportunity and Supportive Services 14,370	Capital Fund Stimulus Grant	Shelter Plus Care 14,233	NCO SIR Section 8 Programs 14,182	Business Activities (Blended Component Units)	Elimination	Total
98110	Property Insurance	-	-	-	-	-	-	18,700	-	-	18,700
98120	Liability Insurance	4,948	-	-	-	-	-	10,793	-	-	15,741
98130	Workman's Compensation	-	-	-	-	-	-	1,924	-	-	1,924
98140	All Other Insurance	11,522	-	-	-	-	-	423	-	-	11,945
98200	Other General Expenses	137,912	-	-	-	-	-	183,693	-	-	321,605
98210	Compensated Absences	9,816	-	-	-	-	-	5,224	-	-	15,040
98300	Payments in Lieu of Taxes	-	-	-	-	-	-	15,795	-	-	15,795
98400	Bad Debt - Tenant Rents	-	-	-	-	-	-	112,084	-	-	112,084
98710	Interest on Mortgage (or Bonds) Payable	-	-	-	-	-	-	-	-	-	-
98800	Severance Expense	-	-	-	43,777	-	-	1,019,039	-	(943,379)	49,437
98900	Total Operating Expenses	866,559	-	-	43,777	33,698	-	1,019,039	-	(943,379)	977,855
97000	Excess Operating Revenue over Operating Expenses	8,447,112	350,751	-	-	37,878	178,207	(285,887)	-	-	8,697,061
97300	Housing Assistance Payments	7,875,078	240,155	-	-	-	178,207	93,951	-	-	8,387,391
97400	Depreciation Expense	4,421	-	-	-	-	-	-	-	-	4,421
90000	Total Expenses	8,686,056	240,155	-	43,777	33,698	178,207	1,112,090	-	(943,379)	9,217,727
10010	Operating transfers in	-	-	-	-	-	-	-	-	-	-
10020	Operating transfers out	-	-	-	-	-	-	-	-	-	-
10000	Excess (deficiency) of total revenue over (under) total expenses	567,613	110,596	-	-	37,878	-	(379,639)	-	-	336,448
11030	Beginning Equity	369,936	346,602	12,177	-	-	-	432,892	81,107	-	1,242,712
11040	Prior Period Adjustments, Equity transfer and correction of errors	-	-	(12,177)	-	(37,878)	-	150,218	(61,107)	-	50,056
11120	Administrative Fee Equity	507,881	-	-	-	-	-	-	-	-	507,881
11130	Housing Assistance Payments Equity	429,747	-	-	-	-	-	-	-	-	429,747
11150	Unit Months Available	15,758	438	-	-	-	-	1,212	-	-	17,408
11210	Number of Unit Months Leased	12,445	438	-	-	-	-	1,126	-	-	14,009
11270	Excess Cash	-	-	-	-	-	-	-	-	-	1,800,620
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-
11620	Building Purchases	-	-	-	-	-	-	-	-	-	683,078
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvement Purchases	-	-	-	-	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-
13510	GFPP Debt Service Payments	-	-	-	-	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-

Gainesville Housing Authority

SCHEDULE OF ACTUAL CAPITAL FUND PROGRAM COSTS AND ADVANCES

Year ended March 31, 2010

PROGRAM	FL29P063501-07	FL29P063501-08	FL29P063501-09	TOTAL
<b>BUDGET</b>	\$ 989,301	\$ 1,018,539	\$ 1,020,936	\$ 3,028,776
<b>ADVANCES</b>				
Cash receipts - prior years	\$ 627,496	\$ 257,122	\$ -	\$ 884,618
Cash receipts - current year	330,387	242,748	133,727	706,862
Cumulative as of March 31, 2010	957,883	499,870	133,727	1,591,480
<b>COSTS</b>				
Prior years	651,332	257,122	-	908,454
Current year	337,969	436,562	211,104	985,635
Cumulative as of March 31, 2010	989,301	693,684	211,104	1,894,089
<b>RECEIVABLE DUE FROM HUD</b>	\$ 31,418	\$ 193,814	\$ 77,377	\$ 302,609
<b>SOFT COSTS</b>				
Prior years	\$ 296,939	\$ 257,122	\$ -	\$ 554,061
Current year	4,742	221,763	133,728	360,233
Cumulative as of March 31, 2010	301,681	478,885	133,728	914,294
<b>HARD COSTS</b>				
Prior years	354,393	-	-	354,393
Current year	333,227	214,799	77,376	625,402
Cumulative as of March 31, 2010	687,620	214,799	77,376	979,795
<b>CUMULATIVE HARD AND SOFT COSTS</b>	\$ 989,301	\$ 693,684	\$ 211,104	\$ 1,894,089

**Gainesville Housing Authority**

**SCHEDULE OF ACTUAL ROSS PROGRAM COSTS AND ADVANCES**

Year ended March 31, 2010

<b>PROGRAM</b>	<b>FL063REL002</b>
	<b>A005</b>
<b>BUDGET</b>	<u>\$ 349,995</u>
<b>ADVANCES</b>	
Cash receipts - prior years	\$ 69,572
Cash receipts - current year	<u>23,221</u>
Cumulative as of March 31, 2010	<u>92,793</u>
<b>COSTS</b>	
Prior years	83,479
Current year	<u>43,777</u>
Cumulative as of March 31, 2010	<u>127,256</u>
<b>RECEIVABLE DUE FROM HUD</b>	<u>\$ 34,463</u>
<b>SOFT COSTS</b>	
Prior years	\$ 83,479
Current year	<u>43,777</u>
Cumulative as of March 31, 2010	<u>127,256</u>
<b>HARD COSTS</b>	
Prior years	-
Current year	<u>-</u>
Cumulative as of March 31, 2010	<u>-</u>
<b>CUMULATIVE HARD AND SOFT COSTS</b>	<u>\$ 127,256</u>

**Gainesville Housing Authority**

**SCHEDULE OF ACTUAL CAPITAL FUND RECOVERY GRANT COSTS AND ADVANCES**

**Year ended March 31, 2010**

<b>PROGRAM</b>	<b>FL29S063501-09</b>
<b>BUDGET</b>	<u>\$ 1,289,269</u>
<b>ADVANCES</b>	
Cash receipts - prior years	\$ -
Cash receipts - current year	<u>4,204</u>
Cumulative as of March 31, 2010	<u>4,204</u>
<b>COSTS</b>	
Prior years	-
Current year	<u>71,344</u>
Cumulative as of March 31, 2010	<u>71,344</u>
<b>RECEIVABLE DUE FROM HUD</b>	<u>\$ 67,140</u>
<b>SOFT COSTS</b>	
Prior years	\$ -
Current year	<u>33,668</u>
Cumulative as of March 31, 2010	<u>33,668</u>
<b>HARD COSTS</b>	
Prior years	-
Current year	<u>37,676</u>
Cumulative as of March 31, 2010	<u>37,676</u>
<b>CUMULATIVE HARD AND SOFT COSTS</b>	<u>\$ 71,344</u>

Gainesville Housing Authority

SCHEDULE OF ACTUAL SHELTER PLUS CARE COSTS AND ADVANCES

Year ended March 31, 2010

PROGRAM	FL0111C4H080801	FL0107C4H080801	TOTAL
<b>BUDGET</b>	\$ 233,376	\$ 236,436	\$ 469,812
<b>ADVANCES</b>			
Cash receipts - prior years	\$ 107,046	\$ 138,692	\$ 245,738
Cash receipts - current year	-	-	-
Cumulative as of March 31, 2010	107,046	138,692	245,738
<b>COSTS</b>			
Prior years	107,046	138,692	245,738
Current year	126,330	51,877	178,207
Cumulative as of March 31, 2010	233,376	190,569	423,945
<b>RECEIVABLE DUE FROM HUD</b>	\$ 126,330	\$ 51,877	\$ 178,207
<b>SOFT COSTS</b>			
Prior years	\$ 107,046	\$ 138,692	\$ 245,738
Current year	126,330	51,877	178,207
Cumulative as of March 31, 2010	233,376	190,569	423,945
<b>HARD COSTS</b>			
Prior years	-	-	-
Current year	-	-	-
Cumulative as of March 31, 2010	-	-	-
<b>CUMULATIVE HARD AND SOFT COSTS</b>	\$ 233,376	\$ 190,569	\$ 423,945



**SINGLE AUDIT SECTION**

**Gainesville Housing Authority**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended March 31, 2010**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>		
N/C S/R Section 8 Programs	14.182	\$ 436,477
Low Rent Public Housing Program	14.850	2,714,325
Section 8 Housing Choice Voucher Program	14.871	9,563,532
Capital Fund Program	14.872	985,635
Public Housing Capital Fund Stimulus (Formula)	14.885	71,344
Shelter Plus Care	14.238	178,207
Resident Opportunity and Supportive Services	14.870	43,777
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ 13,993,297</b>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Gainesville Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Section 8 Housing Choice Voucher Program ("HCV") and the Veterans Affairs Supportive Housing program ("VASH"), both CFDA No. 14.871, to be considered an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD and not the total expenditures paid by the Authority. The \$9,563,532 total for CFDA No. 14.871, as presented above, consists of \$9,212,781 from HCV and \$350,751 from VASH.

# BERMAN HOPKINS WRIGHT & LAHAM

CPAS AND ASSOCIATES, LLP

[www.bermanhopkins.com](http://www.bermanhopkins.com)

8035 Spyglass Hill Rd.  
Melbourne, FL 32940  
Phone: 321-757-2020  
Fax: 321-242-4844

255 S. Orange Ave. • Suite 745  
Orlando, FL 32801  
Phone: 407-841-8841  
Fax: 407-841-8849

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners  
Gainesville Housing Authority  
Gainesville, Florida

We have audited the financial statements of the business-type activities of the Gainesville Housing Authority (the "Authority"), as of and for the year ended March 31, 2010, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 16, 2011. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (items 10-1 and 10-2).

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency (item 10-3).

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* as items 10-2.

We noted certain matters that were reported to management of the Authority in a separate letter dated February 16, 2011.

The Authority's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 16, 2011  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Commissioners  
Gainesville Housing Authority  
Gainesville, Florida

Compliance

We have audited the compliance of the Gainesville Housing Authority (the "Authority"), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2010. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

As described in items 10-2, 10-5, 10-6, 10-7, 10-8, 10-9 and 10-10 in the accompanying schedule of findings and questioned costs, the Authority did not comply with the following requirements for the major programs regarding:

***Low-Rent Public Housing Program***

- Eligibility
- Reporting
- Procurement and Suspension and Debarment
- Allowability of Costs and Activities
- Special Tests and Provisions - Waiting List

***Section 8 Housing Choice Voucher Program***

- Eligibility
- Reporting
- Procurement and Suspension and Debarment

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to those programs.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the Authority did not comply, in all material respects, with the requirements referred to above that are applicable to its Low-Rent Public Housing Program and its Section 8 Housing Choice Voucher. In addition, the results of our auditing procedures also disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-3, 10-4, and 10-11.

### Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-2, 10-5, 10-6, 10-7, 10-8, 10-9 and 10-10 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-3, 10-4, and 10-11 to be significant deficiencies.

The Authority's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the Authority and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 16, 2011  
Melbourne, Florida

*Berman Hopkins Wright & LaHam*  
*CPAs and Associates, LLP*

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

Material weaknesses identified? **Yes (10-1 and 10-2)**

Significant deficiencies identified that are not considered to be material weaknesses? **Yes (10-3)**

Noncompliance material to financial statements noted? **Yes (10-2)**

Federal Awards

Internal control over major programs:

Material weaknesses identified? **Yes (10-2, 10-5, 10-6, 10-7, 10-8, 10-9 and 10-10)**

Significant deficiencies identified that are not considered to be material weaknesses? **Yes (10-3, 10-4, and 10-11)**

Type of auditors' report issued on compliance for major programs:

- **Section 8 Housing Choice Voucher - Adverse (10-5, 10-7, 10-9)**
- **Low Rent Public Housing - Adverse (10-2, 10-6, 10-7, 10-8, 10-10)**

Audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133 are reported in this schedule: **10-2, 10-3, 10-4, 10-5, 10-6, 10-7, 10-8, 10-9, 10-10, 10-11**

The programs tested as major programs are as follows:

- **Section 8 Housing Choice Voucher - CFDA No. 14.871**
- **Low Rent Public Housing - CFDA No. 14.850**

The threshold for distinguishing types A and B programs was **\$419,799**

Did the auditee qualify as a low-risk auditee? **No**



Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

10-1 Financial Reporting

*Material Weakness*

Condition: The initial unaudited trial balance and draft Financial Data Schedule required several audit entries; in addition the closing of the books at year end needs to be performed in a more timely manner. In accordance with Statement on Auditing Standards No. 115 ("SAS 115"), this is identified as a material weakness over financial reporting.

Criteria: Generally Accepted Accounting Principles ("GAAP"), HUD rules and regulations and the ACC contract require the Authority to report activity accurately, and on a timely basis, in accordance with accounting principles generally accepted in the United States.

Effect: The unaudited trial balance was materially misstated and numerous adjustments were needed through the audit process to adjust the general ledger to GAAP.

Cause: During the year the Authority went through numerous changes, the Executive Director and Chief Financial Officer both retired during the 2010 fiscal year, GHA changed their computer system during the 2011 fiscal year. In addition, the Authority does not have adequate systems and controls in place to ensure proper financial reporting.

Auditor's Recommendations: The auditors recommend that the Authority continue to make improvements in the accounting department to ensure the close of the books of the next fiscal year end has minimal audit adjustments. The unaudited Trial Balance and FDS should be on the accrual basis of accounting and be presented in accordance with GAAP. The Authority needs to ensure that next year's books and records are closed timely and accurately, without relying on audit adjustments considering the external auditors are independent of the internal control process.

10-2 Allowability of Costs and Adequate Controls Over Disbursements

*Material Weakness - Internal Controls*

*Material Noncompliance*

Condition: Adequate controls are not in place over cash disbursements. Auditor tested 48 disbursements and noted the following exceptions:

- 7 disbursement files could not be located and therefore could not be verified,
- 9 lacked proper approval,
- 1 did not have a general ledger code present on the invoice,
- 8 were not properly procured per the procurement policy, and
- 4 did not have adequate support to determine allowability and did not appear to be allowable.

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

10-2 Allowability of Costs and Adequate Controls Over Disbursements (continued)

*Material Weakness – Internal Controls*

*Material Noncompliance*

Criteria: HUD rules and regulations, U.S. generally accepted accounting principles, OMB A-87 and OMB A-133 require adequate procedures over disbursements and allowable activities and costs. The Authority is responsible for ensuring that all disbursements are paid within the policy. Adequate documentation, approval and Board involvement are all required.

Questioned Costs: \$233,188

Effect: The Authority is not in compliance with their procedures related to cash disbursements.

Cause: The Authority does not have a written or implemented policy on cash disbursements. Furthermore, there were various contracts that were not procured properly due to employees not being aware of the procurement policy that was in place.

Auditor's Recommendation: Adequate disbursement procedures should be written and implemented by the accounting staff. Staff need to have adequate training on all relevant rules and regulations and should acknowledge their understanding of the policies.

10-3 Capital Assets

*Significant Deficiency*

Condition: During our testing of capital assets, we noted the following issues:

- Discrepancies between the recorded balances of capital assets and the amounts per the detail schedules maintained by the Authority,
- Detailed supporting records for property and equipment items are not being maintained as an up-to-date listing of fixed assets,
- A required physical inventory of equipment has not been taken within the last 2 years,
- The Authority is not writing off/retiring fully depreciated assets that are no longer in use, and
- The Authority is not consistently capitalizing purchases that exceed their capitalization policy of \$1,000.

Criteria: HUD rules and regulations and U.S. generally accepted accounting principles require adequate documentation and up to date support for items in the trial balance and general ledger. The Authority's policy is to capitalize assets with a value in excess of \$1,000, which includes costs of site acquisition and improvement, structures, infrastructure, equipment and direct development costs. Assets are valued at historical cost and when assets are disposed of the related cost and accumulated depreciation are relieved and any gain or loss is included in operations.

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

10-3 **Capital Assets (continued)**

*Significant Deficiency*

Questioned Costs: Undetermined

Effect: The Authority is not in compliance with their procedures and policies related to capital assets and lack adequate supporting documentation for their capital assets.

Cause: During the year the Authority went through numerous changes, the Executive Director and Chief Financial Officer both retired during the 2010 fiscal year, GHA changed their computer system during the 2011 fiscal year. In addition, the Authority does not have adequate systems and controls in place to ensure proper reporting of capital assets.

Auditor's Recommendation:

- We recommend that the Authority reconcile recorded balances of fixed assets with detailed schedules each month so that any discrepancies can be quickly researched and resolved.
- We recommend that a physical count of property should be periodically taken (guidelines require it to be done once every two years), compared to the items carried on the detailed subsidiary records of property and equipment, and significant differences investigated.
- We recommend that the Company continue to review the property accounts and retire any assets that are not in use or are deemed obsolete. Identifying such assets may allow the Company to sell them and free up some space and realize some income from their sale. Removing the assets from the records will reduce the bookkeeping tasks related to fixed assets.
- We recommend that the Authority follow its capitalization policy: purchases costing more than the established amount of \$1,000 or having a useful life of more than one year should be capitalized. The Company should document the capitalization policy and communicate it to those who code property invoices to ensure the policy is consistently followed.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

10-2 **Allowability of Costs and Adequate Controls Over Disbursements**

Low Rent Public Housing - CFDA Number 14.850

*Material Weakness - Internal Controls*

*Material Noncompliance*

Same as Financial Statements Audit Finding 10-2 above.

10-3 **Capital Assets**

Low Rent Public Housing - CFDA Number 14.850

*Significant Deficiency*

Same as Financial Statements Audit Finding 10-3 above.

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
(continued)

10-4 Other - Utility Allowance Review

Low Rent Public Housing - CFDA Number 14.850

Section 8 Housing Choice Voucher Program, CFDA Number 14.871

*Significant Deficiency - Internal Controls*

*Other matter required to be reported in accordance with OMB Circular A-133*

Condition: During our testing of the Low Rent Public Housing tenant files, it was noted that the utility allowances had not been reviewed or adjusted since 2000. Furthermore, during our testing of the Section Eight Management Assessment Program, the Authority did not change their utility allowance schedule when there was a change of 10% or more in the utility rate since the last time the utility allowance schedule was revised which was reported in the utility study performed by Gainesville Regional Utilities.

Criteria:

- 24 CFR 965.507 requires the Authority to review at least annually the basis on which utility allowances have been established and, if reasonably required in order to continue adherence to the standards stated in 965.505, shall establish revised allowances.
- 24 CFR 982.517 requires the Authority to review its schedule of utility allowances each year, and must revise it's allowance for a utility category if there has been a change of 10 percent or more in the utility rate since the last time the utility allowance schedule was revised. The Authority must maintain information supporting its annual review of utility allowances and any revisions made in its utility allowance schedule.

Effect: The Authority's utility allowances for public housing may change based on current year utility rates and will change for Section 8 Housing Choice Voucher program based on the study performed by Gainesville Regional Utilities.

Cause: The Authority not only did not have a utility allowance review done within twelve months for Low Rent Public Housing, but did not have one completed within the last ten years. In addition, the Authority had a study performed for the Section 8 Program; however, they did not use the information to change the utility allowance schedules when necessary.

Auditors' Recommendations: The Authority needs to have a utility review performed at least annually and the Authority should update the utility allowances as necessary based on the results of this review for Section 8 Housing Choice Voucher Program and Low Rent Public Housing.

## Gainesville Housing Authority

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

#### C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS (continued)

##### 10-5 Reporting

Section 8 Housing Choice Voucher Program, CFDA Number 14.871

*Material Weakness - Internal Controls*

*Material Noncompliance*

Condition: During our testing of the Section Eight Management Assessment Program (SEMAP) the following exceptions were noted:

- Indicator 2 - *Reasonable Rent*: The Authority performed rent reasonableness testing but did not actually utilize the results of this procedure. Upon further review of the tenants selected by the Authority for indicator 2, 12 out of 25 files did not have proper rent reasonableness support. The Authority should have had a lower scoring on this indicator.
- Indicator 3 - *Determination of Adjusted Income*: The Authority scored their adjusted income as being 90% correct; however, per our sample of 5 tenants selected from the Authority's SEMAP sample we noted 2 income calculations that were incorrect, we also noted numerous issues in our Section 8 Voucher eligibility testing; therefore the Authority did not have a 90% correct calculation of income.
- Indicator 4 - *Utility Allowance Schedule*: The Authority reported that it maintains an up-to-date utility schedule and that it had reviewed utility rate data that it obtained within the last 12 months, and adjusted its utility allowance schedule if there had been a change of 10% or more in a utility rate. However, the Authority did not properly revise the utility allowances per the utility allowance study.
- Indicator 5 - *HQS Quality Control*: The Authority did not perform quality control inspections evenly throughout the year and the quality control inspections the Authority did perform were not completed within 90 days of the original inspection.
- Indicator 6 - *HQS Enforcement*: The Authority did not properly abate housing assistance payments made to the landlord when an inspection failed and was not properly corrected within 30 days. The exception noted in our sample was due to a housing assistance payment being abated 2 months too late. The Authority rated Indicator 6 at greater than 98%; however, due to the one exception noted above, the scoring should have been less than 98% correct.
- Indicators 9 through 13: The Authority did not keep documentation to support the Authority's overall self-assessed score for each indicator listed.

Criteria: According to 24 CFR 985.1, the Section 8 Management Assessment Program (SEMAP) is designed to assess whether the Section 8 tenant-based assistance programs operate to help eligible families afford decent rental units at the correct subsidy cost. SEMAP provides procedures for HUD to identify PHA management capabilities and deficiencies in order to target monitoring and program assistance more effectively.

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
(continued)

10-5 Reporting (continued)

Section 8 Housing Choice Voucher Program, CFDA Number 14.871

*Material Weakness - Internal Controls*

*Material Noncompliance*

Criteria: The following regulations below explain how the Authority should have performed SEMAP for the indicators listed above:

- 24 CFR 985.3(b)(3)(A) requires that the Authority has a reasonable written method to determine reasonable rent which considers location, size, type, quality and age of the units and the amenities, housing services, and maintenance and utilities provided by the owners. 24 CFR 985.3(b)(3)(B) requires that the Authority follows its written policy and determines that the rent to owner is reasonable for at least 98% of units sampled at the time of initial leasing, if there is any increase in the rent to owner and, at the HAP contract anniversary if there is a 5 percent decrease in the published FMR in effect 60 days before the HAP contract anniversary.
- 24 CFR 985.3(c)(3)(A) requires the Authority to obtain third party verification of reported family annual income, the value of assets totaling more than \$5,000, expenses related to deductions from annual income, and other factors that affect the determination of adjusted income.
- 24 CFR 985.3(d)(3)(i) requires the Authority to review the utility rate data within the last 12 months, and adjust its utility allowance schedule if there has been a change of 10% or more in a utility rate since the last time the utility allowance schedule was revised.
- The Housing Choice Voucher Program Guidebook requires that HQS inspections included in the sample be no older than three months at the time of reinspection.
- 24 CFR 985.3(f) requires the Authority to perform a quality control sample of case files with failed HQS inspections. 24 CFR 982.404 requires the Authority to correct all non life threatening deficiencies within 30 days of the inspection, or if the deficiencies were not corrected within the required time frame, that the PHA stop housing assistance payments beginning no later than the first of the month following the 30 day period.

Effect: The Authority's score for SEMAP may change based on our results.

Cause: The Authority did not properly perform and report the required results for SEMAP Indicator 2 - *Reasonable Rent*, Indicator 3 - *Determination of Adjusted Income*, Indicator 4 - *Utility Allowance Schedule*, Indicator 5 - *HQS Quality Control*, and Indicator 6 - *HQS Enforcement*.

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
(continued)

10-5 **Reporting (continued)**

Section 8 Housing Choice Voucher Program, CFDA Number 14.871

*Material Weakness - Internal Controls*

*Material Noncompliance*

Auditors' Recommendations: The Authority needs to correctly perform the SEMAP review and report accurately according to the samples tested. We further recommend that the Authority correct the reporting deficiencies and resubmit its SEMAP report to HUD. In addition, the Authority should verify that controls are in place in order to ensure accurate SEMAP reporting. In our testing of Indicator 5 – HQS Quality Control, it was noted that the lead sheet did not agree to the files that it referenced. The inspections were performed; however, the documentation on the lead sheet needs to clearly reflect the information in the tenant files.

10-6 **Reporting**

Low Rent Public Housing - CFDA Number 14.850

*Material Weakness - Internal Controls*

*Material Noncompliance*

Condition: During our testing of the Management Assessment Subsystem (MASS), it was noted that the Authority was unable to provide accurate verification of information reported on Management Assessment for Public Housing Agencies. Due to this, we were unable to test the submission or verify its accuracy.

Criteria: Management Assessment Subsystem for Public Housing Agencies requires that the Authority keep accurate records of all information reported.

Effect: The Authority is not in compliance with HUD requirements regarding Management Assessment Subsystem for Public Housing Agencies. The Authority's score for MASS may not be correctly reported.

Cause: The Authority did not properly maintain support for the information input into the scoring for MASS.

Auditors' Recommendations: The Authority should be able to support the scoring for MASS with detailed documentation. Procedures should be implemented to ensure accurate records for all information reported on Management Assessment Subsystem for Public Housing Agencies are maintained.

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
(continued)

10-7 Procurement and Suspension and Debarment

All Programs

*Material Weakness - Internal Controls*

*Material Noncompliance*

Condition: Nine of the thirteen procurement/contract files tested were noted with the following deficiencies:

- 4 of the provided files did not have proper notice of solicitation,
- 4 of the provided files did not have proof that the bidders had at least 15 days to respond to the solicitation,
- 9 of the provided files did not have conflict of interest statements,
- 2 of the provided files did not have evidence the selection was based on criteria other than price,
- 3 of the provided files did not use an evaluation committee or it was not noted in the file,
- 4 of the provided files did not have Davis Bacon clauses,
- 4 of the provided files did not have Section 3 clauses, and

In addition, it was noted in our disbursement testing that 8 disbursements were not procured properly (see Finding 10-2).

Questioned Costs: Undetermined.

Criteria: The Authority's Procurement Policy requires that public notice be given for Invitation to Bid at least 10 days before solicitation is issued and that bidders be allotted at least 15 days to respond, the policy also specifies that conflict of interest statements, Section 3 clauses and Davis Bacon clauses be included in each contract. The contract should be awarded to the most responsive and responsible bidder with the lowest bid and that this information should be retained by the Authority.

Effect: The Authority was not in compliance with their procurement policy.

Cause: The Authority did not have procedures and controls in place to ensure that the procurement policy was being followed and documented.

Auditor's Recommendations: The Authority should implement procedures to ensure that the Procurement Policy requirements are performed, documented, aggregated and maintained on a consistent basis in order to support that proper procurement procedures were followed. The Authority should update the procurement policy and distribute a copy to each individual in the procurement department to assure that each employee understands the policy. Furthermore, the contract officers should maintain a contract list for all contracts entered into.



Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
(continued)

10-8 **Special Test and Provisions - Waiting List**

Low Rent Public Housing - CFDA Number 14.850

*Material Weakness - Internal Controls*

*Material Noncompliance*

Condition: During our testing of the waiting list, we noted that the waiting list was not properly tracking applicants that were either moved in, determined to be nonresponsive, or ineligible. Without proper tracking, it cannot be determined that individuals are being selected from the lists and given the opportunity to be housed in the proper order. We tested 13 applicants and noted exceptions as follows:

- 3 applicants did not have a file or related records indicating any applicant information;
- 4 applicants were placed on the waiting list prior to the receipt of all of the needed information;
- 5 applicants were not contracted to begin housing placement procedures until after the March 31, 2010 fiscal year end; however, applicants below them on the list were housed prior to this; and
- 2 applicants were housed prior to applicants above them on the waiting list.

Criteria: In accordance with 24 CFR Part 5, Subparts E and F, Part 945 and 960.201 through 960.215, the Authority should follow the policies and procedures documented in its Admissions and Continued Occupancy Policy ("ACOP") for selecting applicants from the waiting list.

Effect: It could not be determined that the Authority is housing applicants in the proper order on the waiting list.

Cause: The Authority does not have adequate systems and controls in place to ensure the waiting list is properly maintained and conforms to the required standards.

Auditors' Recommendations: The Authority should implement systems and controls to adequately maintain a waiting list that ensures applicants are housed, or given the opportunity to be housed in the proper order. Modifications to the process in place during fiscal year 2010 are needed to adequately provide support and tracking of the correct procedures.

## Gainesville Housing Authority

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

#### C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS (continued)

##### 10-9 Eligibility

Section 8 Housing Choice Voucher - CFDA Number 14.871

*Material Weakness in Internal Control*

*Material Noncompliance*

Condition: Out of a total tenant population of approximately 1,300 tenants, 36 tenant files were tested and 18 files had noted exceptions as follows:

- 1 file did not have an annual certification within the fiscal year 2010;
- 2 files did not have a properly executed HUD form 9886, Release of Information, at the time of examination;
- 2 files lacked proper identification and custody documentation;
- 6 files did not have the appropriate number of bedrooms on the voucher for the family composition;
- 2 files did not use the correct payment standard;
- 2 files had an improperly calculated utility allowance to the tenant;
- 2 files did not include and then disallow income properly per HUD requirements;
- 6 files did not have proper calculation of third party income;
- 4 files had improperly calculated income adjustments and deductions; and
- 1 file lacked support for asset verification.

Criteria: 24 CFR 982.516 requires internal controls to be in place to ensure compliance with HUD requirements, as well as, complete and accurate tenant files. In addition, the Authority must obtain and document in the tenant file third party verification of reported family annual income, the value of assets, expenses related to deductions from annual income and other factors that affect the determination of adjusted income, or why third party verification was not available. The Authority's administrative plan also requires following proper procedures for determination of HAP and verification of income.

Effect: The Authority is not in compliance with all of the HUD requirements regarding eligibility and tenant recertifications, which could result in incorrect total tenant payments for rent and HAP payments to landlords.

Cause: Procedures to ensure compliance with all of the HUD requirements are not properly implemented.

Auditors' Recommendation: The Authority should correct the deficiencies noted in the tested files to ensure proper compliance with the requirements related to tenant eligibility. Procedures should be continuously applied to ensure proper tenant management. Ongoing staff training and timely management reviews should continue to ensure staff is aware of acceptable procedures. Also, skill sets, staffing, and case loads should be reviewed by management to ensure timely and accurate tenant management.

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
(continued)

10-10 Eligibility

Low Rent Public Housing - CFDA Number 14.850

*Material Weakness in Internal Control*

*Material Noncompliance*

Condition: Out of a total tenant population of approximately 650 tenants, 15 tenant files were tested and 9 files had noted exceptions as follows:

- 1 file did not have an annual certification within the fiscal year 2010;
- 1 file did not have a prior annual certification;
- 1 file lacked proper identification and custody documentation;
- 2 files did not have the flat rent option sheet;
- 1 file had an improperly calculated utility allowance to the tenant;
- 3 files did not have proper calculation of third party income;
- 2 files had improperly calculated income adjustments and deductions; and
- 1 file lacked a passing annual inspection performed.

Questioned Costs: Undetermined.

Criteria: 24 CFR 982.516 requires internal controls to be in place to ensure compliance with HUD requirements, as well as, complete and accurate tenant files. In addition, the Authority must obtain and document in the tenant file third party verification of reported family annual income, the value of assets, expenses related to deductions from annual income and other factors that affect the determination of adjusted income, or why third party verification was not available. The Authority's Admission and Continued Occupancy Policy also requires following proper procedures for determination of rent and verification of eligibility and income.

Effect: The Authority is not in compliance with all of the HUD requirements regarding eligibility and tenant recertifications, which could result in incorrect rent calculations.

Cause: Procedures to ensure compliance with all of the HUD requirements are not properly implemented and being followed.

Auditors' Recommendation: The Authority should correct the deficiencies noted in the tested files to ensure proper compliance with the requirements related to tenant eligibility. Procedures should be continuously applied to ensure proper tenant management. Ongoing staff training and timely management reviews should continue to ensure staff is aware of acceptable procedures. Also, skill sets, staffing, and case loads should be reviewed by management to ensure timely and accurate tenant management.

Gainesville Housing Authority

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

March 31, 2010

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
(continued)

10-11 Financial Data Schedule Submission

Low Rent Public Housing - CFDA Number 14.850

*Significant Deficiency - Internal Controls*

*Other matter required to be reported in accordance with OMB Circular A-133*

Condition: The Authority's unaudited financial data schedule for the year ended March 31, 2010 was due by May 31, 2010; however this was not filed until December 12, 2010. In addition the audited electronic financial statement for the year ended March 31, 2009 was due by December 31, 2009 and has not been filed as of the February 16, 2011.

Criteria: 24 CFR 902.33(b) requires the unaudited financial information to be submitted to HUD annually, no later than two months after the end of the Authority's fiscal year end, with no penalty applying until the 16<sup>th</sup> day of the third month after the Authority's fiscal year end. 24 CFR 902.33(c) requires audited financial statements to be submitted no later than 9 months after the Authority's fiscal year end, in accordance with the Single Audit Act and OMB Circular A-133.

Effect: The Authority is not submitting certain reports to HUD on a timely basis.

Cause: The Authority does not have adequate systems and controls in place to ensure proper financial reporting.

Auditor's Recommendations: The Authority should submit the missing electronic statements for 2009 or submit a narrative explaining why this cannot be accomplished. The Authority should create a policy that sets up specific steps to follow so that the statements, either audited or unaudited, are submitted to HUD on a timely basis.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

**None.**



# *Gainesville Housing Authority*

1900 SE 4<sup>th</sup> Street, Gainesville, FL 32602  
Telephone (352) 872-5500 + Fax (352) 872-5501 + TDD (352) 872-5503  
[www.gainesvillehousingauthority.org](http://www.gainesvillehousingauthority.org)

## COMMISSIONERS

GORDON TREMAINE, CHAIRPERSON  
BARBARA FITZSIMMONS, VICE CHAIRPERSON & RESIDENT COMMISSIONER  
ANTHONY GORDON  
ANDREW R. MICKLE  
JANE MORRIS

## EXECUTIVE DIRECTOR

GAIL MONAHAN

## CORRECTIVE ACTION PLAN

February 21, 2011

U.S. Department of Housing and Urban Development  
Charles Bennett Federal Building  
400 West Bay Street, Suite 1015  
Jacksonville, FL 32202-4410

Dear Sir/Madame:

The Gainesville Housing Authority respectfully submits the following corrective action plan for the year ended March 31, 2010.

Name and address of independent accounting firm:

Brian Nemeroff, Partner  
Berman Hopkins Wright & LaHam, CPAs and Associates, LLP  
8035 Spyglass Hill Road  
Melbourne, Florida 32940

Audit period: April 1, 2009 – March 31, 2010

The findings from the March 31, 2010 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENTS AND MAJOR FEDERAL AWARD PROGRAMS

**10-1 Financial Reporting**  
*Material Weakness*

Auditor's Recommendations: The auditors recommend that the Authority continue to make improvements in the accounting department to ensure the close of the books of the next fiscal year end has minimal audit adjustments. The unaudited Trial Balance and FDS should be on the accrual basis of accounting and be presented in accordance with GAAP. The Authority needs to ensure that next year's books and records are closed timely and accurately, without relying on audit adjustments considering the external auditors are independent of the internal control process.

Action Taken:

The Authority has reverted to a traditional in-house accounting department. By having a full-time finance director and finance assistant, the Authority will meet all deadlines. The Authority does use the accrual basis of accounting. The Authority will not only meet the unaudited submission deadline of May 31, 2011, but we have already scheduled our external audit to begin July 11, 2011 ensuring the audited submission is timely as well.

**10-2 Allowability of Costs and Adequate Controls Over Disbursements**  
*Material Weakness – Internal Controls*  
*Material Noncompliance*

Auditor's Recommendation: Adequate disbursement procedures should be written and implemented by the accounting staff. Staff need to have adequate training on all relevant rules and regulations and should acknowledge their understanding of the policies.

Action Taken:

Two manuals have been written and will be provided to the Board of Commissioners for their approval. First, we wrote a Financial Controls policy and procedure manual outlining the procedures to be followed by the accounting department and the person requesting a purchase. Also included are the procedures for proper documentation before and after payments are processed.

The second manual that will be submitted for approval is the small purchase procurement procedure manual. This document outlines the steps each person must take to request a product or service and the approval process. We will also maintain the position of purchasing clerk in the Central Office Cost Center and this person will complete all ordering for the Authority. This ensures that prior to ordering, all policies have been followed; proper approvals have been received and that the expense is within the budget of the line of business.

**10-3 Capital Assets**  
*Significant Deficiency*

Auditor's Recommendation:

- We recommend that the Authority reconcile recorded balances of fixed assets with detailed schedules each month so that any discrepancies can be quickly researched and resolved.

**10-3 Capital Assets**

*Significant Deficiency continued*

- We recommend that a physical count of property should be periodically taken (guidelines require it to be done once every two years), compared to the items carried on the detailed subsidiary records of property and equipment, and significant differences investigated.
- We recommend that the Company continue to review the property accounts and retire any assets that are not in use or are deemed obsolete. Identifying such assets may allow the Company to sell them and free up some space and realize some income from their sale. Removing the assets from the records will reduce the bookkeeping tasks related to fixed assets.
- We recommend that the Authority follow its capitalization policy: purchases costing more than the established amount of \$1,000 or having a useful life of more than one year should be capitalized. The Company should document the capitalization policy and communicate it to those who code property invoices to ensure the policy is consistently followed.

Action Taken:

In FYE 2011 the Authority converted to a new software system that has a fixed asset module. This will allow us to maintain, by line of business, all capitalized items and depreciate these items on a monthly basis through an automated process.

We will conduct a physical inventory of all property and equipment prior to March 31, 2011. A comparison of the current records will be completed and any write-offs will be brought to the Board for approval. Items will be identified by tagging and being assigned a unique number.

Capital items will be added to inventory by the finance department during the procurement and payment process. Payment adds the item to the general ledger account and assignment of an item number will occur when the addition is made to the fixed asset module. A comparison of the fixed asset report totals will be made against the balance sheet totals to ensure they are in balance.

**10-4 Other – Utility Allowance Review**

Low Rent Public Housing - CFDA Number 14.850

Section 8 Housing Choice Voucher Program, CFDA Number 14.871

*Significant Deficiency – Internal Controls*

*Other matter required to be reported in accordance with OMB Circular A-133*

Auditors' Recommendations: The Authority needs to have a utility review performed at least annually and the Authority should update the utility allowances as necessary based on the results of this review for Section 8 Housing Choice Voucher Program and Low Rent Public Housing.

**10-4 Other – Utility Allowance Review**

Low Rent Public Housing - CFDA Number 14.850

Section 8 Housing Choice Voucher Program, CFDA Number 14.871 continued

Action Taken:

On October 27, 2010 the Board of Commissioners reviewed and passed a new utility reimbursement allowance. In addition, the Authority will contract for a utility review for both the Low Rent Public Housing and Section 8 Housing Choice Voucher Program. An RFP will be brought to the BOC in the first quarter of FYE 2012 for approval and distribution. We will have a review of all utility charges, both dollar and usage amounts, completed by the second quarter of FYE 2012.

**10-5 Reporting**

Section 8 Housing Choice Voucher Program, CFDA Number 14.871

*Material Weakness – Internal Controls*

*Material Noncompliance*

Auditors' Recommendations: The Authority needs to correctly perform the SEMAP review and report accurately according to the samples tested. We further recommend that the Authority correct the reporting deficiencies and resubmit its SEMAP report to HUD. In addition, the Authority should verify that controls are in place in order to ensure accurate SEMAP reporting. In our testing of Indicator 5 – HQS Quality Control, it was noted that the lead sheet did not agree to the files that it referenced. The inspections were performed; however, the documentation on the lead sheet needs to clearly reflect the information in the tenant files.

Action Taken:

The Authority will advise HUD and resubmit 2010 if requested. FYE 2011 will be completed and submitted only with support.

**10-6 Reporting**

Low Rent Public Housing - CFDA Number 14.850

*Material Weakness – Internal Controls*

*Material Noncompliance*

Auditors' Recommendations: The Authority should be able to support the scoring for MASS with detailed documentation. Procedures should be implemented to ensure accurate records for all information reported on Management Assessment for Public Housing Agencies are maintained.

Action Taken:

In FYE 2011 the Authority completed several steps to move the agency forward in utilizing technology. Rather continuing as a paper-based company we have upgraded to copiers that have scan capabilities and using software that allows us to print in an electronic, rather than paper, format. These files are then saved in a right-protected file on the server.



**10-7 Procurement**

All Programs

*Material Weakness – Internal Controls*

*Material Noncompliance*

Auditor's Recommendations: The Authority should implement procedures to ensure that the Procurement Policy requirements are performed, documented, aggregated and maintained on a consistent basis in order to support that proper procurement procedures were followed. The Authority should update the procurement policy and distribute a copy to each individual in the procurement department to assure that each employee understands the policy. Furthermore, the contract officers should maintain a contract list for all contracts entered into.

Action Taken:

On October 27, 2010 the Board of Commissioners approved a new procurement policy that encompasses both large and small procurements. The new policy has been distributed and procedures have also been written on how to carry out the policy. Additionally, the Authority will maintain an up-to-date contract register.

**10-8 Special Test and Provisions - Waiting List**

Low Rent Public Housing - CFDA Number 14.850

*Material Weakness – Internal Controls*

*Material Noncompliance*

Auditors' Recommendations: The Authority should implement systems and controls to adequately maintain a waiting list that ensures applicants are housed, or given the opportunity to be housed in the proper order. Modifications to the process in place during fiscal year 2010 are needed to adequately provide support and tracking of the correct procedures.

Action Taken:

The wait list has been brought under the direction of the Executive Director's Administrative Assistant and a centralized wait list will be maintained. After additional training and strength assessments have been completed, the wait list will be automated and returned to the AMP and Section 8 HCV departments.

**10-9 Eligibility**

Section 8 Housing Choice Voucher - CFDA Number 14.871

*Material Weakness in Internal Control*

*Material Noncompliance*

Auditors' Recommendation: The Authority should correct the deficiencies noted in the tested files to ensure proper compliance with the requirements related to tenant eligibility. Procedures should be continuously applied to ensure proper tenant management. Ongoing staff training and timely management reviews should continue to ensure staff is aware of acceptable procedures. Also, skill sets, staffing, and caseloads should be reviewed by management to ensure timely and accurate tenant management.

**10-9 Eligibility**

Section 8 Housing Choice Voucher - CFDA Number 14.871

*Material Weakness in Internal Control continued*

Action Taken:

The Authority has received the Auditor's notes on the files giving us a basis to identify steps that must be taken to correct the deficiency. First, training is an issue. We have approved one-week training for all Section 8 HCV staff provided by Nan McKay.

We realize that one-week training is just the beginning step and now that the Authority has a functioning local area network, we are reviewing products such as Nan McKay's series of electronic books that can be accessed by all employees. Other training programs such as e-learning and help sessions are also being researched.

The Authority is also implementing Quality Control Procedures for file review. A matrix will be created for each person reviewing files to follow. File review is an objective process and will be completed in a structured manner. Immediate follow-up will be conducted with the counselor who initiated the file.

It is a recognized fact that this will be a continuing process and we are in the first phase. We will evaluate each of the Section 8 HCV team members for their strengths and weaknesses. Our goal is to ensure they have the tools and training to excel in their positions.

**10-10 Eligibility**

Low Rent Public Housing - CFDA Number 14.850

*Material Weakness in Internal Control*

*Material Noncompliance*

Auditors' Recommendation: The Authority should correct the deficiencies noted in the tested files to ensure proper compliance with the requirements related to tenant eligibility. Procedures should be continuously applied to ensure proper tenant management. Ongoing staff training and timely management reviews should continue to ensure staff is aware of acceptable procedures. Also, skill sets, staffing, and caseloads should be reviewed by management to ensure timely and accurate tenant management.

Action Taken:

The Authority now has a functioning local area network; we are reviewing products such as Nan McKay's series of electronic books that can be accessed by all employees. Other training programs such as e-learning and help sessions are also being reviewed.

The Authority is also implementing Quality Control Procedures for file review. A matrix will be created for each person reviewing files to follow. File review is an objective process and will be completed in a structured manner. Immediate follow-up will be conducted with the counselor who initiated the file.

**10-10 Eligibility**

Low Rent Public Housing - CFDA Number 14.850  
*Material Weakness in Internal Control continued...*

It is a recognized fact that this will be a continuing process and we are in the first phase. We will evaluate each of the Public Housing team members for their strengths and weaknesses. Our goal is to ensure they have the tools and training to excel in their positions. The Authority has made some transfers based on performance.

**10-11 Financial Data Schedule Submission**

Low Rent Public Housing - CFDA Number 14.850  
*Significant Deficiency – Internal Controls*  
*Other matter required to be reported in accordance with OMB Circular A-133*

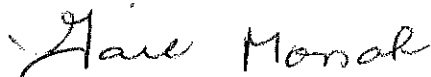
Auditor's Recommendations: The Authority should submit the missing electronic statements or submit a narrative explaining why this cannot be accomplished. The Authority should create a policy that sets up specific steps to follow so that the statements, either audited or unaudited, are submitted to HUD on a timely basis.

Action Taken:

The Authority has submitted the audited 2009 FDS; the unaudited 2010 FDS and we have requested an extension for the audited 2010 FDS. It is the policy of the Authority to follow HUD guidelines; however, fiscal years 2009 and 2010 were years of complete turnover at the executive level. The Authority has returned to an in-house finance department.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please contact me at (352) 872-5500, ext. 219.

Sincerely,



Gail Monahan  
Executive Director