HACSA
10.3.a.

HACSA MEMORANDUM

TO: HACSA Board of Commissioners

FROM: Larry A. Abel, Deputy Director

AGENDA ITEM TITLE: REPORT/Review of Audit Report

AGENDA DATE: July 11, 2007

I MOTION

None required.

II ISSUE

Each year the Board is presented with the Agency's audited financial statements for review.

III DISCUSSION

A. Background/Analysis

Chapter 297 (Audits of Public Funds and Financial Records) of Oregon Revised Statutes and Office of Management and Budget Circular A-133 require an annual organization-wide audit of the Agency's financial statements, accounting systems, and compliance with financial requirements of our various grants.

The organization-wide audit for the year ended September 30, 2006 has been completed. There were no findings and the report has been submitted to HUD and the State of Oregon.

Since five of the seven members of HACSA's Board of Commissioners are also Lane County commissioners, HACSA is considered a component unit of Lane County. Therefore, HACSA's funds will be blended with those of Lane County for its fiscal year ended June 30, 2007 by including them in the appropriate statements, notes and schedules of Lane County's Comprehensive Annual Financial Report.

Detailed financial data schedules (pages 48 to 51 of the audit report) were electronically submitted to HUD's Real Estate Assessment Center (REAC) last December. REAC analyzes and scores the financial data as part of the Public Housing Assessment System (PHAS). Our score for financial condition, assessed for the agency as a whole, is 30 (out of a maximum of 30).

HACSA's financial statements include Management's Discussion and Analysis (MD&A) on pages three through ten. We expect our funding to be stable through the end of this year. As per HUD's mandate, we are in the process of converting our public housing (708 units) program to a project-based/asset management model. As one of the approximately 750 housing authorities that will have their operating subsidies reduced (in our case, by about $400,000 per year) under this model, we must submit a "stop-loss" packet to HUD by October 15, 2007. If we demonstrate, to HUD's satisfaction, a successful conversion to asset management, our loss will be held to 5%, or about $20,000 per year. If not, our loss will be 24% in 2008, 43% in 2009, 62% in 2010 and 81% in 2011. Non stop-loss agencies have until 2011 to convert to asset management.

B. Recommendation

None required.

IV IMPLEMENTATION/FOLLOW-UP

None required.

V ATTACHMENTS

Audited Financial Statements