

HACSA W.3.A.

HACSA MEMORANDUM

TO: HACSA Board of Commissioners
FROM: Larry A. Abel, Acting Executive Director
AGENDA ITEM TITLE: REPORT/Review of Audit Report
AGENDA DATE: May 28, 2008

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, 2007 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 financial statements will be blended with those of Lane County for its fiscal year ending June 30, 2008 by including them in the appropriate statements, notes and schedules of Lane County's Comprehensive Annual Financial Report.

Detailed financial data schedules (pages 53 to 56 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).

We have received our funding allocation for 2008 Section 8 housing assistance payments and the amount (\$14,560,597) will be more than enough to fund our allotment of 2639 vouchers. HUD has yet to finalize (calendar year) 2008 funding for either our Section 8 administrative fee or our Public Housing operating subsidy. However, we have been notified that HUD will prorate the administrative fee by 86% and the operating subsidy by 81%. This equates to reductions of about \$280,000 (Section 8) and \$320,000 (Public Housing) in our operating budgets.

During the past year we converted to a project-based/asset management model (consistent with practices in the private sector) mandated by HUD. HUD will either approve or disapprove our conversion, based on a recent site visit by an independent contractor. If our conversion is not approved, we are faced with an additional reduction of operating subsidy of \$400,000 over the next five years. If the conversion is approved, our loss will be limited to 5% (\$20,000).

B. Recommendation

None required.

IV IMPLEMENTATION/FOLLOW-UP

None required.

V ATTACHMENTS

A copy of the Audited Financial Statements can be accessed in the Office of the Management Services Supervisor.