

**FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009**

**ADA COUNTY HOUSING  
AUTHORITY**

## ADA COUNTY HOUSING AUTHORITY

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Commissioners  
**Ada County Housing Authority**  
Boise, Idaho

We have audited the accompanying financial statements of Ada County Housing Authority (the Authority) as of and for the year ended September 30, 2009, as listed in the table of contents. These financial statements are the responsibility of Ada County Housing 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 the significant estimates made by management, as well as evaluating the overall 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 financial position of Ada County Housing Authority as of September 30, 2009, and the changes in financial position and cash flows 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 January 27, 2010, on our consideration of the Ada County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The other supplementary information listed in the table of contents is presented for purposes for additional analysis and is not a required part of the basis financial statements of Ada County Housing Authority. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Ada County Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Boise, Idaho  
January 27, 2010

**ADA COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

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Our discussion and analysis of the Ada County Housing Authority's (the Authority) financial performance provides an overview of the Agency's financial activities for the fiscal year ended September 30, 2009. Please read it in conjunction with the Agency's financial statements.

**FINANCIAL HIGHLIGHTS**

- \* The Agency reported combined net assets (assets less liabilities) of \$1,232,573 as of September 30, 2009. This represents a decrease of \$842,837 or 40%, less than the prior year.
- \* Total operating revenue for the year ended September 30, 2009 of \$5,601,187 represents a decrease of \$254,571, or 4% compared to fiscal year 2008. Operating expenses exceeded revenues by \$904,054, as compared to operating revenues exceeding expenses revenues by \$458,960 in 2008.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Financial Statements consist of management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, a Statement of Cash Flows, and Notes to the Financial Statements section.

The Statement of Net Assets is presented in a format that displays net assets (assets less liabilities equal net assets). The Statement of Net Assets details the assets and liabilities of the Authority based on their liquidity, utilizing current (maturing within twelve months) and non-current (maturing in more than twelve months) categories. The resulting net assets in this statement are displayed as either invested in capital assets net of related debt, restricted or unrestricted. Under Governmental Accounting Standards Board Statement Nos. 34, 37 and 38, assets are restricted when their use is subject to external restrictions (such as bond resolutions, legal agreements, statutes, etc.), with assets not falling under this category being characterized as unrestricted. Please note, however, that unrestricted net assets include assets that have been committed by the Authority for certain specific uses, but for which an agreement may not yet be in place.

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating income (loss), which consists of operating revenues less operating expenses. In addition, the Statement of Revenues, Expenses and Changes in Net Assets details non-operating revenues and expenses. The resulting amount (revenues less expenses) is the change in net assets for FY 09 which amount is then added to the ending balance of net assets from FY 08 to arrive at net assets for FY 09.

The Statement of Cash Flows reports the net increase (decrease) in cash and cash equivalents (highly liquid investments with a maturity of three months or less when purchased) for the fiscal year. This statement includes cash flows from operating activities, cash flows from capital financing activities (such as issuance of bonds and acquisition of capital assets), non-capital financing activities, and cash flows from investing activities. The resulting net increase (or decrease) in cash and cash equivalents is then added to the balance of cash and cash equivalents at the beginning of the year to determine the FY 09 ending cash and cash equivalent balance.

**ADA COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

**AUTHORITY-WIDE FINANCIAL ANALYSIS**

**Net Assets**

Net assets decreased by \$842,837 or 40%, below last year.

	<b>2009</b>	2008	Change
<b>ASSETS</b>			
Current and other assets	<b>\$ 1,853,957</b>	\$ 1,929,220	\$ (75,263)
Capital assets, net	<b>276,852</b>	307,217	(30,365)
Total assets	<b>2,130,809</b>	2,236,437	(105,628)
<b>LIABILITIES</b>			
Current liabilities	<b>898,236</b>	161,027	737,209
Total liabilities	<b>898,236</b>	161,027	737,209
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	<b>276,852</b>	307,217	(30,365)
Restricted for housing assistance payment equity	<b>115,546</b>	860,360	(744,814)
Unrestricted	<b>840,175</b>	907,833	(67,658)
Total net assets	<b>\$ 1,232,573</b>	\$ 2,075,410	\$ (842,837)

**Changes in Net Assets**

Operating revenues decreased by \$254,571. HUD contributions decreased \$233,925, while unrestricted and restricted investment income decreased \$22,660. Total operating expenses increased by \$1,108,443 or 20% over FY 08.

The Voucher program was over-leased during the entire fiscal year. The Housing Authority worked diligently to decrease leasing levels during the fiscal year. There were a number of factors impacting the program. With the economic downturn, the Housing Authority saw tenant incomes decrease substantially. This impacted the Housing Authority's program costs significantly. Utility costs went up. This also impacted the Housing Authority's program costs significantly. Historic performance in attrition rates became for the first time, an unreliable factor of future attrition. Receiving annual budget notice nearly five months into the program year, severely impacted the Housing Authority's ability to implement cost savings measures. Because of this, the Voucher program remained over-leased at the end of FY 09. The Housing Authority management staff continues to monitor the leasing situation on a monthly basis.

**ADA COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

	2009	2008	Change
<b>OPERATING INCOME</b>			
Dwelling and rental income	\$ 35,373	\$ 99,917	\$ (64,544)
Tenant revenue, other	158	253	(95)
HUD contributions/grants	5,484,319	5,718,244	(233,925)
Other revenue	81,337	37,344	43,993
Total operating income	<b>5,601,187</b>	5,855,758	(254,571)
<b>OPERATING EXPENSES</b>			
Administration	832,662	747,525	85,137
Utilities	5,158	5,298	(140)
Tenant services	172,361	175,094	(2,733)
Ordinary maintenance and operations	16,887	16,160	727
General expenses	34,003	30,178	3,825
Extraordinary maintenance	7,090	-	7,090
Rental assistance payments	5,396,767	4,379,439	1,017,328
Depreciation and amortization	40,313	43,104	(2,791)
Total operating expenses	<b>6,505,241</b>	5,396,798	1,108,443
NET OPERATING INCOME (LOSS)	<b>(904,054)</b>	458,960	(1,363,014)
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Grant revenue related to			
Neighborhood Stabilization Program	1,198,811	-	1,198,811
Neighborhood stabilization program expenses	(1,170,876)	-	(1,170,876)
HUD Capital Project Fund grants	8,629	-	8,629
Investment income, unrestricted	11,872	47,313	(35,441)
Investment income, restricted	12,781	-	12,781
Casualty loss	-	(999)	999
Gain (loss) on sale of property	-	844	(844)
Total nonoperating revenue (expense)	<b>61,217</b>	47,158	14,059
CHANGE IN NET ASSETS	<b>\$ (842,837)</b>	\$ 506,118	\$ (1,348,955)

*Capital Assets*

The Authority has invested approximately \$897,198 in a broad range of capital assets over the years. The total accumulated depreciation on these assets amounts to \$620,346.

- Asset acquisitions were \$9,948 for fiscal year 2009.
- The Authority did not dispose of any assets during fiscal year 2009.

**ADA COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2009**

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*Long-term Debt*

At year-end the Authority had no long-term debt outstanding.

*Neighborhood Stabilization Program*

The Ada County Housing Authority received grant revenue for the Neighborhood Stabilization Program from Idaho Housing and Finance Association. The Authority's responsibility includes finding the properties, performing any rehabilitation to the property necessary for occupancy standards, as well as selling the properties to qualifying individuals. Qualifying individuals include 120% of area median income (AMI) and twenty five percent of these funds must assist homebuyers or renters that are 50% AMI. Homes are purchased directly by the granting agency in the name of the Authority. At the time of purchase the Authority records grant income, grant expense, property held for sale, and a related liability. The related liability is recorded to adjust for the future sale proceeds which are returned to the granting agency. The only grant proceeds that remain with the Authority is the ten percent grant administration fee. The Housing Authority purchased nine homes as of the end of the fiscal year. Three of those homes have been rehabilitated and resold. The program serves Meridian and Kuna, and will be opening to Ada County (with the exception of the City of Boise) during fiscal year 2010.

**ECONOMIC OUTLOOK**

The Authority anticipates full utilization of the voucher program in fiscal year 2009, funding permitted. HUD required the Housing Authority to spend the majority of the restricted HAP equity account during fiscal year 2009. Fiscal year 2010 voucher utilization could be affected by the absence of these funds. The waiting list for the voucher program is currently two to four years.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is intended to provide its readers with a general overview of Authority's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or wish to request additional information, contact Diana Meo, Finance Manager, Boise City Housing Authority, 1276 River Street, Suite 300, Boise, Idaho 83702; email: [dmeo@bcacha.org](mailto:dmeo@bcacha.org); telephone: (208) 345-4907.

**ADA COUNTY HOUSING AUTHORITY**  
**STATEMENT OF IN NET ASSETS**  
**SEPTEMBER 30, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,023,966
Tenant security deposits	2,075
Accounts receivable - HUD	43,120
Accounts receivable - tenant, net	609
Accounts receivable - other	44,909
Property held for sale (Neighborhood Stabilization Program)	722,663
Prepaid insurance and other assets	16,615
Total current assets	<u>1,853,957</u>

**LAND, BUILDING AND EQUIPMENT**

Capital assets, not depreciated	
Land	70,000
Construction in progress	3,498
Capital assets, depreciated	
Land improvements	41,477
Buildings and improvements	556,216
Furniture and equipment	226,007
	<u>897,198</u>
Accumulated depreciation	<u>(620,346)</u>
	<u>276,852</u>
	<u>\$ 2,130,809</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 47,944
Neighborhood stabilization program payable	712,754
Employee accrued liabilities	20,911
Payment in lieu of taxes	3,040
Tenant security deposits payable	2,075
Prepaid rent	662
Related party payable	110,850
Total current liabilities	<u>898,236</u>

**NET ASSETS**

Invested in capital assets net of related debt	276,852
Restricted	115,546
Unrestricted	840,175
Total net assets	<u>1,232,573</u>
	<u>\$ 2,130,809</u>

**ADA COUNTY HOUSING AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**YEAR ENDED SEPTEMBER 30, 2009**

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OPERATING INCOME	
Dwelling and rental income	\$ 35,373
Tenant revenue, other	158
HUD contributions/grants	5,484,319
Other revenue	81,337
Total operating income	<u>5,601,187</u>
OPERATING EXPENSES	
Administration	832,662
Utilities	5,158
Tenant services	172,361
Ordinary maintenance and operations	16,887
General expenses	34,003
Extraordinary maintenance	7,090
Rental assistance payments	5,396,767
Depreciation expense	40,313
Total operating expense	<u>6,505,241</u>
NET OPERATING LOSS	(904,054)
NONOPERATING INCOME (EXPENSES)	
Grant revenue - neighborhood stabilization program	1,198,811
Neighborhood stabilization program expenses	(1,170,876)
HUD Capital Project Fund grants	8,629
Investment income, unrestricted	11,872
Investment income, restricted	12,781
Total nonoperating income	<u>61,217</u>
CHANGE IN NET ASSETS	(842,837)
NET ASSETS - BEGINNING OF YEAR	<u>2,075,410</u>
NET ASSETS - ENDING OF YEAR	<u><u>\$ 1,232,573</u></u>

**ADA COUNTY HOUSING AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 35,531
Other operating expenses	79,276
HUD receipts	5,466,665
Payments on behalf of voucher participants	(5,396,767)
Payments to employees	(612,109)
Payments to suppliers	(433,756)
NET CASH USED BY OPERATING ACTIVITIES	<u>(861,160)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of land, building and equipment	(9,948)
Proceeds for capital projects from HUD	8,629
Costs to rehabilitate housing held for resale	(9,909)
Receipts from grant administration	27,935
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>16,707</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	24,653
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>24,653</u>
NET DECREASE IN CASH	(819,800)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,843,766</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,023,966</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (904,054)
Adjustments to reconcile operating income to net cash used by operating activities	
Depreciation and amortization	40,313
Changes in operating assets and liabilities	
Accounts receivable	(19,718)
Related party payables	27,049
Prepaid expenses	(2,186)
Accounts payable and accrued liabilities	(2,361)
Prepaid rent	(203)
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (861,160)</u></u>
SUPPLEMENTAL CASH FLOW DISCLOSURE	
Capital grants paid directly to third parties to acquire housing held for resale	\$ 722,663

**ADA COUNTY HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2009**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Ada County Housing Authority (the Authority) was organized on March 10, 1976 under Section 50-1905 of the Idaho Code, for the purpose of providing housing to low-income residents of Ada County. The Authority provides housing to low-income residents of Ada County through participation in federal assistance programs administered and financed by the U.S. Department of Housing and Urban Development (HUD).

The accounting and reporting policies of the Authority included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the Authority has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989.

The Authority operates five duplexes under HUD Annual Contribution Contract S-0073. The Authority generally leases the units under an annual lease agreement. The Authority collects rents from tenants based upon the tenants' income and receives debt service financing from HUD.

The Authority is authorized to administer 762 units under HUD Section 8 Voucher Housing Annual Contribution Contract S-0039V. The Authority is also authorized to provide housing to disabled persons under the Supportive Housing for Persons with Disability Program #ID0002B0E000801. The Authority receives housing assistance funds and administrative fees from HUD, and provides Housing Assistance Payments to participating owners in the program.

The Authority also administers the following programs with grants received from HUD:

1. The Authority is authorized to make capital improvements to HUD properties under HUD Public Housing Capital Fund Program.
2. Under the Shelter Plus Care grant, the Authority pays housing and medical cost for persons with disabilities.

*Economic Dependency*

The Authority is dependent upon ongoing subsidies from HUD.

*Financial Reporting Entity*

The Authority follows Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in determining the reporting entity. Accordingly, the financial statements include all funds and account groups for which the Authority is financially accountable.

## NOTES TO FINANCIAL STATEMENTS

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The Authority is a separate legal entity whose Board of Commissioners is appointed by the Ada County Commissioners.

### *Fund Accounting*

The accounts of the Authority are organized into a single enterprise fund.

Enterprise Fund - The Enterprise Fund is used to account for operations financed and operated in a manner similar to private business enterprises - (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability, or other purposes.

### *Measurement Focus*

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a economic resources measurement focus and the accrual basis of accounting. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

### *Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

In instances in which both restricted and unrestricted sources of revenues are earned for a similar purpose, the restricted revenues are applied toward expenses first.

### *Cash and Cash Equivalents*

Cash and cash equivalents include unrestricted cash and investments with maturities of three months or less at the origination date.

All cash and cash equivalents were insured or collateralized at September 30, 2009.

## NOTES TO FINANCIAL STATEMENTS

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### *Property Held for Sale*

The Authority entered into a contractual relationship with a granting agency to administer a home purchase program for low income individuals. The Authority's responsibility includes finding the properties, and performing any rehabilitation to the property necessary for occupancy standards, as well as selling the properties to qualifying individuals. Homes are purchased directly by the granting agency in the name of the Authority. At the time of purchase the Authority records grant income, grant expenses, property held for sale, and a related liability. The related liability is recorded to adjust for the future sale proceeds which are returned to the granting agency. The only grant proceeds that remain with the Authority is the ten percent grant administrative fee. As of September 30, 2009, the Authority was holding properties for sale at fair value totaling \$722,663.

### *Investments*

Idaho Code provides authorization for the investment of funds as well as specific direction as to what constitutes an allowable investment. Authority policy is consistent with this direction. The Authority currently invests in interest bearing bank accounts for all funds.

### *Property Taxes*

As a governmental entity, the Authority is not subject to assessment by taxing authorities. By agreement, the Authority provides payment in lieu of property taxes (P.I.L.O.T.) to Ada County.

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The Authority's policy is to require collateralization agreements for all deposits. As of September 30, 2009, the Authority was in compliance with their policy.

### *Proprietary Fund Fixed Assets*

Capital additions, improvements and major renewals are classified as property, plant and equipment and are recorded at cost. Depreciation is recorded by use of the straight-line method. The book value of each asset is reduced by equal amounts over its estimated useful life as follows:

	Estimated Useful <u>Life (Years)</u>
Land improvements	15 - 40
Buildings and improvements	15 - 40
Equipment	3 - 10

Maintenance, repairs and minor renewals are charged to operations as incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost, and any gain or loss arising from its disposal is credited or charged to operations. Interest costs incurred during construction are capitalized net of earnings when they are material.

The Public Housing Capital Fund's purpose is to provide funding for capital improvements for Low Rent Public Housing – Annual Contributions. The Authority has two years in which to expend the funds. At the end of the contract, the fixed assets are transferred from Public Housing Capital Fund to Low Rent Public Housing – Annual

## NOTES TO FINANCIAL STATEMENTS

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Contributions. Depreciation is not calculated on capital improvements funded with Public Housing Capital Fund grant proceeds until the program ends and the asset transfer is complete.

### *Compensated Absences*

Vacation is accrued retroactively to the first day of work upon completion of the introductory period of six months of service. Employees may accumulate leave based on their years of service, ranging from 192 to 336 hours.

### *Deferred Revenue*

Cash received for rental assistance received prior to year-end related to the following year is classified as deferred revenue.

### *Restricted Net Assets*

Excess Housing Assistance Program funds received by HUD for the Ada County Voucher program are considered restricted. All restricted funds must be used solely for the purposes of the Voucher program.

### *Family Self-Sufficiency*

The Family Self-Sufficiency program (FSS) is an incentive program for low-income persons receiving subsidies to help them find ways to increase their income through schooling, technical training, etc. The Authority sets aside in an escrow account the difference between the participants' starting subsidy and their declining subsidy as their wages increase. When the participants achieve an income level at which they no longer receive subsidies in accordance with program guidelines, they will receive the escrow balance in cash. If the participants fail to comply with the program requirements, their escrow balance is forfeited. The total balance of the escrow accounts at September 30, 2009 was \$108,014. The liability and the corresponding restricted cash are shown on Boise City Housing Authority's financial statements.

### *Operating and Non-operating Revenue*

The Authority defines operating revenue as revenues which are directly related to the purpose of providing housing. Accordingly, investment income and gains on sale of assets are recorded as non-operating.

### *Concentrations of Credit Risk*

Accounts receivable are comprised principally of amounts due from HUD for annual contributions due under grants.

## **NOTE 2 – ACCOUNTS RECEIVABLE**

Tenant accounts receivable is recorded net of an allowance for expected losses. Tenant accounts receivable are due at the beginning of each month, and are considered over due if payments are not made, or if the tenant has not obtained approval for specific arrangements for payment. Bad debts are accounted for using the allowance method. The allowance is estimated from historical performance and projections of trends. Bad debts are written off when management has exhausted all efforts to collect. The over due accounts are non-interest bearing. The

## NOTES TO FINANCIAL STATEMENTS

accounts receivable balance at September 30, 2009 was \$1,109, and the estimated allowance was \$500. All other receivables are deemed fully collectible.

### NOTE 3 – CAPITAL ASSETS

A summary of activity in the Capital Assets for the year ended September 30, 2009 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital assets, not depreciated</i>				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
<i>Capital assets, depreciated</i>				
Land improvements	41,477	-	-	41,477
Buildings and improvements	556,216	-	-	556,216
Furniture and equipment	219,557	6,450	-	226,007
CIP	-	3,498	-	3,498
Total	817,250	9,948	-	827,198
<i>Less accumulated depreciation</i>				
Accumulated depreciation	(580,033)	(40,313)	-	(620,346)
<i>Total depreciated capital assets, net</i>	<u>237,217</u>	<u>(30,365)</u>	<u>-</u>	<u>206,852</u>
<i>Total capital assets, net</i>	<u>\$ 307,217</u>	<u>\$ (30,365)</u>	<u>\$ -</u>	<u>\$ 276,852</u>

### NOTE 4 – RELATED PARTY TRANSACTIONS

Amounts due to/from related party include amounts owed to/from the Boise City Housing Authority (BCHA), which acts as a disbursing agent for routine expenditures for the Authority. The net amount payable at September 30, 2009 was \$110,850.

The Board of Commissioners of the Authority is also Commissioners of BCHA and Directors of Shoreline Plaza, Inc. (the Corporation). The Board meetings are joint meetings for the Authority, BCHA, and the Corporation. The Commissioners of the Authority are appointed in alternating years by the Mayor of Boise in odd numbered years and the Ada County Commissioners in even numbered years. There were no transactions that occurred between the Corporation and Ada County. Transactions between the Authority and Ada County were limited to payments in lieu of taxes totaling of \$3,040, which was payable as of September 30, 2009.

## NOTES TO FINANCIAL STATEMENTS

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All personnel are employed by BCHA. The salaries and benefits of the Executive Director, other administrative staff, and maintenance personnel are allocated among the Authority, BCHA, and the Corporation. Amounts allocated to the Authority for the year ended September 30, 2009 for salaries and benefits were \$460,386 and \$156,597, respectively.

Office space and equipment are located at 1278 W. River Street. BCHA purchased the building in November 2003. The Authority made rental payments to BCHA of \$49,171 during the year. Equipment owned by the respective programs of the Authority and BCHA is not segregated and is used by employees while working on various programs of each entity.

### **NOTE 5 – RISK MANAGEMENT**

The Authority purchases liability, medical and disability insurance through a commercial insurance carrier. Workers compensation insurance is maintained through the Idaho State Insurance Fund.

**ADA COUNTY HOUSING AUTHORITY**

*OTHER SUPPLEMENTARY INFORMATION*

**ADA COUNTY HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**SEPTEMBER 30, 2009**

	Low Rent Public Housing Annual Contributions Contract S-0073	Capital Fund Program	Capital Fund Stimulus Grant	CDBG NSP Program	Business Activities
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 80,668	\$ -	\$ -	\$ 26,891	\$ -
Tenant security deposits	2,075	-	-	-	-
Accounts receivable - HUD	116	-	-	-	-
Accounts receivable - tenant, net	609	-	-	-	-
Accounts receivable - other	-	-	-	237	718
Interfund receivable	-	-	-	-	-
Property held for sale (Neighborhood Stabilization Program)	-	-	-	722,663	-
Prepaid insurance and other assets	2,869	-	-	3,267	-
<b>Total current assets</b>	<b>86,337</b>	<b>-</b>	<b>-</b>	<b>753,058</b>	<b>718</b>
<b>LAND, BUILDING AND EQUIPMENT</b>					
Capital assets, not depreciated					
Land	70,000	-	-	-	-
Construction in progress	-	3,498	-	-	-
Capital assets, depreciated					
Land improvements	41,477	-	-	-	-
Buildings and improvements	546,184	10,032	-	-	-
Furniture and equipment	29,605	-	-	-	-
	687,266	13,530	-	-	-
Accumulated depreciation	(473,877)	(892)	-	-	-
	213,389	12,638	-	-	-
	<b>\$ 299,726</b>	<b>\$ 12,638</b>	<b>\$ -</b>	<b>\$ 753,058</b>	<b>\$ 718</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 224	\$ -	\$ -	\$ -	\$ -
Neighborhood stabilization program	-	-	-	712,754	-
Employee accrued liabilities	833	-	-	2,178	-
Payment in lieu of taxes	3,040	-	-	-	-
Tenant security deposits payable	2,075	-	-	-	-
Prepaid rent	662	-	-	-	-
Interfund payable	-	-	-	-	-
Related party payable	5,133	-	-	28,122	718
<b>Total current liabilities</b>	<b>11,967</b>	<b>-</b>	<b>-</b>	<b>743,054</b>	<b>718</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	213,389	12,638	-	-	-
Restricted	-	-	-	-	-
Unrestricted	74,370	-	-	10,004	-
<b>Total net assets</b>	<b>287,759</b>	<b>12,638</b>	<b>-</b>	<b>10,004</b>	<b>-</b>
	<b>\$ 299,726</b>	<b>\$ 12,638</b>	<b>\$ -</b>	<b>\$ 753,058</b>	<b>\$ 718</b>

Section 8 Vouchers- Annual Contributions Contract S-0039V	CDBG Homeowner Assistance Program	Office of Violence Against Women	Supportive Housing for Persons with Disability ID0002B0E000801	Shelter Plus Care	Eliminations	Total (Memorandum Only)
\$ 751,638	\$ -	\$ -	\$ 160,169	\$ 4,600	\$ -	\$ 1,023,966
-	-	-	-	-	-	2,075
-	-	-	41,724	1,280	-	43,120
-	-	-	-	-	-	609
27,798	-	-	16,156	-	-	44,909
-	-	-	300	-	(300)	-
-	-	-	-	-	-	722,663
10,098	-	-	381	-	-	16,615
789,534	-	-	218,730	5,880	(300)	1,853,957
-	-	-	-	-	-	70,000
-	-	-	-	-	-	3,498
-	-	-	-	-	-	41,477
-	-	-	-	-	-	556,216
193,975	-	-	2,427	-	-	226,007
193,975	-	-	2,427	-	-	897,198
(143,150)	-	-	(2,427)	-	-	(620,346)
50,825	-	-	-	-	-	276,852
<u>\$ 840,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,730</u>	<u>\$ 5,880</u>	<u>\$ (300)</u>	<u>\$ 2,130,809</u>
\$ 4,624	\$ -	\$ -	\$ 42,481	\$ 615	\$ -	\$ 47,944
-	-	-	-	-	-	712,754
15,812	-	-	2,088	-	-	20,911
-	-	-	-	-	-	3,040
-	-	-	-	-	-	2,075
-	-	-	-	-	-	662
300	-	-	-	-	(300)	-
63,809	-	-	7,112	5,956	-	110,850
84,545	-	-	51,681	6,571	(300)	898,236
50,825	-	-	-	-	-	276,852
115,546	-	-	-	-	-	115,546
589,443	-	-	167,049	(691)	-	840,175
755,814	-	-	167,049	(691)	-	1,232,573
<u>\$ 840,359</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,730</u>	<u>\$ 5,880</u>	<u>\$ (300)</u>	<u>\$ 2,130,809</u>

**ADA COUNTY HOUSING AUTHORITY**  
**FINANCIAL DATA SCHEDULE**  
**SEPTEMBER 30, 2009**

	Low Rent Public Housing Annual Contributions Contract S-0073	Capital Fund Program	Capital Fund Stimulus Grant	CDBG NSP Program
<b>OPERATING INCOME</b>				
Dwelling rental income	\$ 35,373	\$ -	\$ -	\$ -
Tenant revenue - other	158	-	-	-
HUD contributions/grants	9,051	-	-	-
Other revenue	-	-	-	16,945
Total operating income	44,582	-	-	16,945
<b>OPERATING EXPENSES</b>				
Administration	18,965	1,001	-	32,371
Utilities	4,975	-	-	183
Tenant services	-	-	-	-
Ordinary maintenance and operations	15,187	-	-	59
General expenses	7,777	381	-	2,294
Extraordinary maintenance	7,090	-	-	-
Rental assistance payments	-	-	-	-
Depreciation expense	19,056	668	-	-
Total operating expenses	73,050	2,050	-	34,907
<b>TOTAL OPERATING INCOME (LOSS)</b>	<b>(28,468)</b>	<b>(2,050)</b>	<b>-</b>	<b>(17,962)</b>
<b>NONOPERATING INCOME (EXPENSE)</b>				
Grant revenue - neighborhood stabilization program	-	-	-	1,198,811
Neighborhood stabilization program expenses	13,559	(10,061)	(3,498)	(1,170,876)
HUD Capital Project Fund grants	-	5,131	3,498	-
Investment income - unrestricted	1,171	-	-	31
Investment income - restricted	-	-	-	-
	14,730	(4,930)	-	27,966
<b>NET INCOME (LOSS)</b>	<b>(13,738)</b>	<b>(6,980)</b>	<b>-</b>	<b>10,004</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>301,497</b>	<b>19,618</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 287,759</b>	<b>\$ 12,638</b>	<b>\$ -</b>	<b>\$ 10,004</b>

Business Activities	Section 8 Vouchers- Annual Contributions Contract S-0039V	CDBG Homeownership Assistance Program	Office of Violence Against Women	Supportive Housing for Persons with Disability ID16B960003	Shelter Plus Care	Total (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,373
-	-	-	-	-	-	158
	4,680,033	45,000	100,260	520,707	129,268	5,484,319
718	14,523	-	126	49,025	-	81,337
718	4,694,556	45,000	100,386	569,732	129,268	5,601,187
543	678,780	-	15,793	78,924	6,285	832,662
-	-	-	-	-	-	5,158
-	-	-	24,420	147,926	15	172,361
-	1,641	-	-	-	-	16,887
175	15,388	-	-	5,759	2,229	34,003
-	-	-	-	-	-	7,090
-	4,856,667	45,000	60,173	313,894	121,033	5,396,767
-	20,589	-	-	-	-	40,313
718	5,573,065	45,000	100,386	546,503	129,562	6,505,241
-	(878,509)	-	-	23,229	(294)	(904,054)
-	-	-	-	-	-	1,198,811
-	-	-	-	-	-	(1,170,876)
-	-	-	-	-	-	8,629
-	8,460	-	-	2,124	86	11,872
-	12,781	-	-	-	-	12,781
-	21,241	-	-	2,124	86	61,217
-	(857,268)	-	-	25,353	(208)	(842,837)
-	1,613,082	-	-	141,696	(483)	2,075,410
\$ -	\$ 755,814	\$ -	\$ -	\$ 167,049	\$ (691)	\$ 1,232,573

**ADA COUNTY HOUSING AUTHORITY**

*SINGLE AUDIT SECTION*

**ADA COUNTY HOUSING AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2009**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Public Low Rent Housing	14.850	\$ 9,051
Community Development Block Grants / Entitlement Grants	14.218	1,243,811
Supportive Housing for Persons with Disability	14.181	520,707
Shelter Plus Care	14.238	129,268
Section 8 Housing Choice Vouchers	14.871	4,680,033
Public Housing Capital Fund	14.872	5,131
Public Housing Capital Fund Stimulus Recovery Act Fund	14.885	3,498
U. S. DEPARTMENT OF JUSTICE Office of Violence Against Women	16.736	100,260
Total Federal Awards		\$ 6,691,759

**ADA COUNTY HOUSING AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**SEPTEMBER 30, 2009**

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**NOTE 1 – BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Authority. The reporting entity is defined in Note 1 to the Authority’s financial statements.

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**NOTE 2 – MAJOR PROGRAMS**

Major programs are identified in the summary of Auditors’ Results section of the Schedule of Findings and Questioned Costs.

The following program has been identified as major programs for the year ended September 30, 2009:

<u>Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Community Development Block Grants / Entitlement Grants	14.218



**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***

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To the Board of Commissioners  
**Ada County Housing Authority**  
Boise, Idaho

We have audited the financial statements of Ada County Housing Authority, as of and for the year ended September 30, 2009, and have issued our report thereon dated January 27, 2010. 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 Ada County Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ada County Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ada County Housing Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Ada County Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Ada County Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Ada County Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Ada County Housing Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether Ada County Housing 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the audit committee, board of commissioners, 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned in the lower-left quadrant of the page.

Boise, Idaho  
January 27, 2010



CPAs & BUSINESS ADVISORS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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To the Board of Commissioners  
**Ada County Housing Authority**  
Boise, Idaho

*Compliance*

We have audited the compliance of Ada County 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 September 30, 2009. The Organization's major federal programs are identified in the summary of auditor’s 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 Ada County Housing 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 Ada County Housing 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 Ada County Housing Authority’s compliance with those requirements.

In our opinion, Ada County Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

*Internal Control Over Compliance*

The management of Ada County Housing 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, 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.

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

Boise, Idaho  
January 27, 2010

**ADA COUNTY HOUSING AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED SEPTEMBER 30, 2009**

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**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified not considered to be material weaknesses None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness identified? No

Significant deficiencies identified not considered to be material weaknesses None Reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? No

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
14.218	Community Development Block Grants / Entitlement Grants

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None