

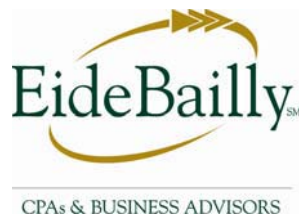
**FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

**BOISE CITY HOUSING
AUTHORITY**

BOISE CITY HOUSING AUTHORITY

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	7
Statement of Revenues, Expenses, and Changes in Net Assets	9
Statement of Cash Flows	10
Notes to Financial Statements	12
OTHER SUPPLEMENTARY INFORMATION	
Financial Data Schedule	24
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	34
Schedule of Findings and Questioned Costs	36



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Boise City Housing Authority
Boise, Idaho

We have audited the accompanying financial statements of Boise City 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 Boise City 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 Boise City 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 Boise City 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, are not a required part of the basic financial statements but are supplementary information 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 basic financial statements of Boise City 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 Boise City 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.

The image shows 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

**BOISE CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

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

FINANCIAL HIGHLIGHTS

- * The Authority reported combined net assets (assets less liabilities) of \$8,664,215 as of September 30, 2009. This represents a decrease of \$7,161 from fiscal year 2008.
- * Total operating revenue for the year ended September 30, 2009 of \$10,162,590 represents a decrease of \$880,232 or 8%, below the previous year. Operating expenses exceeded revenues by \$401,800 as compared to operating revenues exceeding expenses by \$1,286,457 in fiscal year 2008.
- * Shoreline Plaza, Inc., a blended component unit of the Authority, reported \$528,141 operating revenue in excess of expense.

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.

**BOISE CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

AUTHORITY-WIDE FINANCIAL ANALYSIS

Net Assets

Net assets decreased by \$7,161, or less than 1%, below last year.

TABLE I - NET ASSETS

	2009			2008		
	Total	BCHA	Shoreline	Total	BCHA	Shoreline
ASSETS						
Current assets	\$ 6,429,624	\$ 5,010,347	\$ 1,419,277	\$ 6,610,614	\$ 5,159,050	\$ 1,451,564
Capital assets, net	14,001,546	5,711,419	8,290,127	13,836,627	5,011,527	8,825,100
Other assets	3,868,860	2,063,375	1,805,485	4,023,134	2,155,862	1,867,272
Total assets	<u>\$24,300,030</u>	<u>\$12,785,141</u>	<u>\$11,514,889</u>	<u>\$24,470,375</u>	<u>\$12,326,439</u>	<u>\$12,143,936</u>
LIABILITIES						
Current liabilities	\$ 1,399,998	\$ 678,066	\$ 721,932	\$ 1,154,819	\$ 382,912	\$ 771,907
Other liabilities	298,086	298,086	-	269,220	269,220	-
Non-current liabilities	13,937,731	1,189,767	12,747,964	14,374,960	1,377,523	12,997,437
Total liabilities	<u>\$15,635,815</u>	<u>\$ 2,165,919</u>	<u>\$13,469,896</u>	<u>\$15,798,999</u>	<u>\$ 2,029,655</u>	<u>\$13,769,344</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 3,572,055	\$ 6,195,321	\$ (2,623,266)	\$ 2,692,146	\$ 5,395,566	\$ (2,703,420)
Restricted for housing assistance payment equity	699,571	699,571	-	1,127,463	1,127,463	-
Unrestricted	4,392,589	3,724,336	668,253	4,851,770	3,773,758	1,078,012
Total net assets	<u>\$ 8,664,215</u>	<u>\$10,619,228</u>	<u>\$ (1,955,013)</u>	<u>\$ 8,671,379</u>	<u>\$10,296,787</u>	<u>\$ (1,625,408)</u>

Changes in Net Assets

Operating revenues decreased by \$880,232. HUD contributions and grant revenue decreased \$233,520 while other revenue decreased \$631,785. Non-operating income increased \$394,639, unrestricted investment income decreased \$107,346, restricted investment income increased \$21,268 and income from the sale of Hobbler Place units decreased \$295,216. The Hobbler place sales decreased as there was only one home sold in fiscal year 09 compared to five homes sold in FY 08.

Operating expenses increased \$808,025 or 8% above FY 08. General expenses increased \$6,714 and Housing Assistance Payments increased \$699,929 while Administrative expenses increased \$244,786. There are no special items to report for FY 09. 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 are a number of factors impacting the program. With the economic downturn, the Authority saw tenant incomes decrease substantially. This impacted our program costs significantly. Utility costs went up. This also impacted our program costs significantly. Historical performance in attrition rates became for the first time, an unreliability indicator of future attrition. Receiving annual budget notice nearly five months in the program year, severely impacted our ability to implement costs saving measures. Because of this, the Voucher program remained over-leased at the end of FY09.

BOISE CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009

	2009			2008		
	Total	BCHA	Shoreline	Total	BCHA	Shoreline
OPERATING INCOME						
Dwelling and rental income	\$ 1,904,943	\$ 608,728	\$ 1,296,215	\$ 1,897,351	\$ 608,508	\$ 1,288,843
Tenant revenue, other	33,355	10,724	22,631	55,874	20,121	35,753
HUD contributions/grants	7,961,271	7,392,607	568,664	8,194,791	7,676,754	518,037
Other revenue	263,021	258,282	4,739	894,806	840,702	54,104
	<u>10,162,590</u>	<u>8,270,341</u>	<u>1,892,249</u>	<u>11,042,822</u>	<u>9,146,085</u>	<u>1,896,737</u>
OPERATING EXPENSES						
Administration	1,734,439	1,466,546	267,893	1,489,653	1,266,299	223,354
Utilities	180,806	94,199	86,607	187,699	99,104	88,595
Tenant services	156,498	93,116	63,382	131,343	76,614	54,729
Ordinary maintenance and operations	459,334	208,214	251,120	550,817	246,498	304,319
General expenses	257,049	170,850	86,199	250,335	162,533	87,802
Extraordinary maintenance	52,340	31,794	20,546	56,345	22,922	33,423
Rental assistance payments	6,805,061	6,805,061	-	6,105,132	6,105,132	-
Depreciation and amortization	918,863	330,502	588,361	985,041	377,893	607,148
	<u>10,564,390</u>	<u>9,200,282</u>	<u>1,364,108</u>	<u>9,756,365</u>	<u>8,356,995</u>	<u>1,399,370</u>
NET OPERATING INCOME	(401,800)	(929,941)	528,141	1,286,457	789,090	497,367
NON OPERATING REVENUE (EXPENSE)						
Contribution from government entity	-	(15,547)	15,547	-	(44,153)	44,153
Investment income, unrestricted	86,453	57,102	29,351	193,799	163,650	30,149
Investment income, restricted	31,241	18,387	12,854	52,509	1	52,508
HUD Capital Project Fund grants	184,372	184,372	-	158,540	158,540	-
Other capital revenue, Allumbaugh facility	1,027,578	1,027,578	-	-	-	-
Interest expense	(971,461)	(58,743)	(912,718)	(1,021,532)	(94,120)	(927,412)
Gain (loss) on sale of property	36,456	39,236	(2,780)	331,672	334,260	(2,588)
Other income	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE (EXPENSE)	394,639	1,252,385	(857,746)	(285,012)	518,178	(803,190)
CHANGES IN NET ASSETS	\$ (7,161)	\$ 322,444	\$ (329,605)	\$ 1,001,445	\$ 1,307,268	\$ (305,823)

Capital Assets

The Authority has invested approximately \$28,658,566 in a broad range of capital assets over the years. The total accumulated depreciation on these assets amounts to \$14,657,020.

- Asset acquisitions were \$1,075,520.
- The Authority disposed of assets totaling \$47,184 with a net book value of \$3,168.

**BOISE CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2009**

Property Held for Sale

The property held for sale consists of the twenty-one homes in the rent-to-own program. One home was sold during the year for a gain of \$36,456. The property held for investment consists of the Moore Street property acquired by Shoreline Plaza, Inc.

Long-term Debt

At year end the Authority had \$14,272,799 in general obligation bonds and other long-term debt outstanding. The Housing Authority retired \$417,259 of outstanding principal on the long-term debt. This retirement was the result of the payment of the 2000 bonds in the amount of \$235,000 which is repaid with rental income generated from the Shoreline Plaza, Inc. units, the payment of \$10,568 on the Shoreline North mortgage and the payment of \$171,691 on the River Plaza Office bonds.

Additional information regarding the Authority's long-term debt can be found in Note 6 to the basic financial statements.

ECONOMIC OUTLOOK

The Housing Authority is in the construction phase of a detoxification and mental health crisis treatment center (Allumbaugh House). Construction of the facility should be completed in February of 2009. Terry Reilly Health Services in partnership with Saint Alphonsus will take over operation of the facility at that time and the Housing Authority will act as landlord. The Allumbaugh House is scheduled to open in March of 2010.

CONTACTING BCHA'S FINANCIAL MANAGEMENT

This financial report is intended to provide its readers with a general overview of Authority's finances and to show the Authority'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; telephone: (208) 345-4907.

BOISE CITY HOUSING AUTHORITY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 4,032,299
Tenant security deposits	92,488
Accounts receivable - HUD	51,754
Accounts receivable - tenant, net	11,814
Grant receivable	434,707
Miscellaneous receivable	31,337
Related party receivable	110,850
Prepaid expenses	129,208
Restricted investments	517,514
Unrestricted investments	1,017,653
Total current assets	<u>6,429,624</u>

LAND, BUILDING AND EQUIPMENT

Capital assets, not depreciated	
Land	1,701,051
Construction in progress	828,203
Capital assets, depreciated	
Land improvements	2,177,237
Buildings and improvements	21,768,099
Furniture and equipment	2,183,976
	<u>28,658,566</u>
Accumulated depreciation	<u>(14,657,020)</u>
	14,001,546

OTHER ASSETS

Restricted cash	301,166
Restricted investments	1,139,713
Property held for sale	1,762,209
Property held for investment	423,872
Bond issuance costs, net	241,900
	<u>3,868,860</u>

\$ 24,300,030

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 361,209
Employee accrued liabilities	233,064
Accrued interest payable	300,887
Payment in lieu of taxes	51,279
Tenant security deposits payable	92,488
Prepaid rent	21,800
Deferred revenue	4,077
Related party payable	126
Current portion of long-term debt	335,068
Total current liabilities	<u>1,399,998</u>

OTHER LIABILITIES

298,086

LONG-TERM LIABILITIES

Mortgage payable, net of current portion	77,964
Revenue notes payable, net of current portion	1,189,767
Bonds payable, net of current portion	12,670,000
	<u>13,937,731</u>

NET ASSETS

Invested in capital assets net of related debt	3,572,055
Restricted for housing assistance payment equity	699,571
Unrestricted	4,392,589
	<u>8,664,215</u>
	<u>\$ 24,300,030</u>

BOISE CITY HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2009

OPERATING INCOME	
Dwelling and rental income	\$ 1,904,943
Tenant revenue, other	33,355
HUD contributions/grants	7,961,271
Other revenue	263,021
Total operating income	<u>10,162,590</u>
OPERATING EXPENSES	
Administration	1,734,439
Utilities	180,806
Tenant services	156,498
Ordinary maintenance and operations	459,334
General expenses	257,049
Extraordinary maintenance	52,340
Rental assistance payments	6,805,061
Depreciation and amortization	918,863
Total operating expenses	<u>10,564,390</u>
NET OPERATING INCOME	(401,800)
NONOPERATING REVENUE (EXPENSES)	
Investment income, unrestricted	86,453
Investment income, restricted	31,241
HUD Capital Project Fund grants	184,372
Other capital revenue, Allumbaugh facility	1,027,578
Interest expense	(971,461)
Gain on sale of property	36,456
Total nonoperating expenses	<u>394,639</u>
CHANGE IN NET ASSETS	(7,161)
NET ASSETS, BEGINNING OF YEAR	<u>8,671,376</u>
NET ASSETS, END OF YEAR	<u><u>\$ 8,664,215</u></u>

BOISE CITY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Rental receipts	\$ 1,926,120
Other operating receipts	322,418
HUD receipts	7,931,191
Payments to on behalf of voucher participants	(6,805,061)
Payments to employees	(1,875,852)
Payments to suppliers	(766,021)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>732,795</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of land, building and equipment	(1,075,520)
Purchase of equipment related to land held for sale	(3,951)
Proceeds from sale of land held for sale	117,472
Proceeds from sale of asset	2,010
Proceeds from grants for land, building and equipment	777,243
Repayment of principal of long-term debt	(417,259)
Payment of interest	(976,163)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,576,168)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Change in unrestricted investments	(30,355)
Change in restricted cash and investments	103,830
Investment income on unrestricted investments	86,453
Investment income on restricted investments	31,241

NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>191,169</u>
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NET DECREASE IN CASH	(652,204)
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,684,503</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 4,032,299</u></u>
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BOISE CITY HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ (401,800)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	918,863
Changes in operating assets and liabilities	
Accounts receivable	17,139
Related party receivables	(27,049)
Related party payables	100
Deferred revenue	(4,077)
Prepaid expenses	(192)
Accounts payable and accrued liabilities	228,020
Prepaid rent	1,791

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 732,795

BOISE CITY HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Boise City Housing Authority (the Authority) was organized on February 14, 1963 by Boise City under Section 50-1905 of the Idaho Code, for the purpose of providing housing to low-income residents of Boise City 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 (FASB), 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 FASB Statements and Interpretations issued after November 30, 1989.

The Authority owns and operates 160 units under HUD Annual Contribution Contract SF-376. 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 and operating subsidies from HUD.

The Authority is authorized to administer 1,142 units under HUD Section 8 Voucher Housing Annual Contribution Contract S-0037V, as well as an additional 40 units under the Veterans Affairs Supportive Housing Program. The Authority receives housing assistance funds and administrative fees from HUD and provides Housing Assistance Payments to participating owners in the program. The Authority is also authorized to provide housing to disabled persons under the Supportive Housing for Persons with Disability Program. 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 programs with grants received from HUD to make capital improvements to HUD properties under HUD Public Housing Capital Fund Program.

The Authority provides the opportunity for homebuyers to participate in a Rent-to-Own program (Hobbler). The Authority has 22 homes in this program that are not operated as a low-income housing project.

Economic Dependency

The Authority is dependent upon ongoing subsidies from HUD.

NOTES TO FINANCIAL STATEMENTS

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.

The Authority is a separate legal entity whose Board of Commissioners is appointed by the Boise City Council.

The Authority contributes to the multi-employer Public Employee Retirement System of Idaho (PERSI). The System is administered by the State of Idaho and the Authority is not the major participant in the plan, therefore, the plan financial statements are not included in this report.

Shoreline Plaza, Inc. (the Corporation) was formed as a non-profit corporation under the laws of the State of Idaho on May 23, 1977, for the purpose of developing, constructing, owning, maintaining, and operating multi-family housing developments to provide housing for the elderly, handicapped, and disabled pursuant to Section 8 of the United States Housing Act of 1937, as amended, or other Federal, state or local assistance programs. The Corporation is governed by a Board of Directors, which also serves as the Board of Commissioners of the Authority. In addition, in the event of dissolution of the Corporation, the net assets would revert to the Authority. Accordingly, the Corporation is reported as a blended component unit of the Authority. Complete financial statements for the Corporation may be obtained by contacting the Authority.

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 capital maintenance, 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.

NOTES TO FINANCIAL STATEMENTS

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.

Cash and Cash Equivalents

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

The Authority pools its available funds to maximize interest income. The Authority allocates interest income to the various projects based on the average balance of the net contribution of the respective project.

Restricted Cash and Investments

Restricted cash relates to the accrued subsidies for the family self-sufficiency program described later on in Note 1. Restricted cash for security deposits are held in interest bearing bank accounts along with accrued interest until such time as is necessary to refund the tenant or cover tenant move-out costs. Restricted investments on bonds is invested in interest bearing bank accounts for which the balance and accruing interest cannot be withdrawn except as authorized by the bank for bond principal and interest payments. These accounts must remain intact until the bonds are fully repaid.

Restricted Net Assets

Excess HAP funds provided by HUD for the Boise City Voucher program are considered restricted. All restricted funds must be used solely for the purpose of the Voucher program HAP expenses with the exception of over-leased units.

Investment Policy

The United States Department of Housing and Urban Development (HUD) 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. HUD approved investment instruments consist of the following:

1. Direct Obligations of the Federal Government Backed by the Full Faith and Credit of the United States (U.S. Treasury Bills and U.S. Treasury Notes and Bonds)
2. Obligations of Federal Government Agencies (Federal Financing Bank; Government National Mortgage Association Mortgage Backed Securities and Participation Certificates; Maritime Administration Merchant Marine Bonds, Notes and Obligations; Small Business Administration and Small Business Investment Corporation Debentures; Tennessee Valley Authority Power Bonds and Notes)
3. Securities of Government Sponsored Agencies (Farm Credit Consolidated System-wide Discount Notes; Federal Farm Credit Banks Consolidated System-wide Bonds; Federal Home Loan Banks Consolidated Obligations; FHLMC Mortgage Participation Certificates; FHLMC Collateralized Obligations; Federal

NOTES TO FINANCIAL STATEMENTS

- Home Loan Mortgage Association Debentures; FNMA Notes, Short-term Discount Notes and Capital Debentures; Student Loan Marketing Associations Obligations)
- 4. Demand and Savings Deposits
- 5. Money-Market Deposit Accounts
- 6. Municipal Depository Fund
- 7. Super NOW Accounts
- 8. Certificates of Deposit
- 9. Repurchase Agreements
- 10. Sweep Accounts
- 11. Separate Trading of Registered Interest and Principal of Securities
- 12. Mutual Funds
- 13. The entity’s blended component unit may invest in U.S Treasury and Government Agency Obligations; Corporate Bonds Rated A or Better; Commercial Paper Rated P-1 or Better; Certificates of Deposit and Money Market Deposits

Investments are stated at fair value as determined by quoted market prices, except for the certificates of deposit, which are non-participating contracts, and are therefore carried at amortized costs. The cost of investments sold for determining gain or loss is based on specific identification. Unrealized gains or losses are included in the statement of activities.

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.

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
Furniture and 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. 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 Contributions. Depreciation is not calculated on capital improvements and security equipment funded with the grant proceeds until the program ends and the asset transfer is completed.

Depreciation expense for the year was \$907,433.

NOTES TO FINANCIAL STATEMENTS

Property Held for Sale

Property held for sale consists of the homes owned under the Rent-To-Own (Hobbler project). This project currently consists of 22 homes, all of which are held for sale. Although all homes are presently for sale, the tenants must qualify for a period of time prior to their ability to proceed with a purchase. Management is unable to determine when the homes will be sold. The Authority has elected to not depreciate these homes on the basis that the market value exceeds cost, and consequently, they estimate that the salvage value approximates underlying cost. Gains for the year ended September 30, 2009, are \$36,456 and are included in gain on sale of property. Management has determined that the rental of homes is operational and for purposes of calculating the invested in capital assets net of related debt. Therefore, the property held for sale is included in the calculation.

Property Held for Investment

The Moore Property held in Shoreline Plaza, Inc. has also been classified as land held for investment. The property is valued at historical cost. Management estimates historical cost approximates market value.

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.

Prepaid Rent

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

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 \$298,086 which included \$108,014 of escrow accounts from the Ada County Housing Authority's (ACHA) program. The liability and the corresponding restricted cash are shown on the Authority's financial statements.

Deferred Charges

Costs incurred to issue bonds for the Shoreline Plaza Corporation have been capitalized and are amortized using the straight-line method over the life of the bonds (30 years). Amortization expense for the year ended September 30, 2009 for the Corporation was \$11,430.

Operating and Non-operating Revenue

The Authority defines operating revenue as revenues which are directly related to the purpose of the providing

NOTES TO FINANCIAL STATEMENTS

housing. Accordingly, investment income, gains on sale of assets, and interest expense are recorded as non-operating.

Grants and Other Intergovernmental Revenues

Federal and state reimbursement-type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred. For programs that are supported by multiple funding sources, Federal and state grant monies are applied to expenditures first.

Concentrations of Credit Risk

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

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, including tenant security deposits and restricted cash, at September 30, 2009 was either insured or collateralized in its entirety.

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. Policy requires all depositories to continuously and fully secure all deposits in excess of the insured amounts.

NOTE 3 – INVESTMENTS

The following table represents the fair value of investments by type at September 30, 2009:

	Fair Value	Investment Maturities (in years)		Credit Rating
		Less than 1	1-3	
Investment instruments without maturities				
<i>First American Prime Obligations Fund - Class D</i>	\$ 1,657,226	\$ -	\$ -	n/a
<i>Schwab Money Market Fund</i>	53,289	-	-	n/a
US Bank Money Market	78,079	-	-	n/a
Investment instruments with maturities				
Mountain West Bank Certificates of Deposit	95,086	95,086	-	n/a
<i>Federal Home Loan Bank</i>	150,091	-	150,091	AAA
<i>Federal Home Loan Mortgage</i>	99,901	-	99,901	AAA
Citizen's Community Bank Certificate of Deposit	91,006	91,006	-	n/a
Idaho Banking Company Certificate of Deposit	94,713	94,713	-	n/a
<i>Various Certificates of Deposits</i>	355,489	254,291	101,198	n/a
	<u>\$ 2,674,880</u>	<u>\$ 535,096</u>	<u>\$ 351,190</u>	

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from changes in interest rates, the Authority limits its investment to maturities of three years or less. The Authority was in compliance with their investment policy at September 30, 2009.

Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Authority does not have a restrictive policy with regard to credit quality but achieves safety through adherence to the list of permitted investments which are backed by the full faith and credit of, or a guarantee of principal and interest by, the U.S. Government, a Government agency or issued by a Government-sponsored agency, coupled with an appropriate maturity date. The blended component unit required its investments in Corporate Bonds to be rated A or better and investments in Commercial Paper to be rated P-1 or better as rated by the standards set by Standard and Poor's or other accredited rating agency. The Authority was in compliance with their policy as it relates to credit risk as of September 30, 2009.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Authority does not have a policy limiting concentration in a single issuer. The blended component unit requires its portfolio to conform to certain asset allocations and is in compliance with those allocations. Investments in any one issuer that exceed 5% of the total investments at September 30, 2009 are as follows: First American Treasury Obligations Fund – Class D - 62% , Federal Home Loan Bank – 6%, and various certificates of deposit – 13%.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of failure of the counterparty, the government will be able to recover the value of its investment or collateral securities that are in the possession of the outside party. Policy requires that investments be held by the Authority or registered in the Authority's name and maintained in a custodian or trust account. The Authority was in compliance with their policy as it relates to custodial credit risk as of September 30, 2009.

NOTE 4 – 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 accounts receivable balance at September 30, 2009 as \$37,530 and the estimated allowance was \$25,716. All other receivables are believed to be fully collectible.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

A summary of activity in the Capital Assets is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<i>Capital assets, not depreciated</i>					
Land	\$ 1,701,051	\$ -	\$ -	\$ -	\$ 1,701,051
Construction in progress	68,397	795,428	-	(35,622)	828,203
	<u>1,769,448</u>	<u>795,428</u>	<u>-</u>	<u>(35,622)</u>	<u>2,529,254</u>
<i>Capital assets, depreciated</i>					
Buildings	21,672,954	193,856	-	(98,711)	21,768,099
Improvements other than buildings	2,177,237	-	-	-	2,177,237
Equipment	2,010,591	86,236	(47,184)	134,333	2,183,976
	<u>25,860,782</u>	<u>280,092</u>	<u>(47,184)</u>	<u>35,622</u>	<u>26,129,312</u>
Total	27,630,230	1,075,520	(47,184)	-	28,658,566
<i>Less accumulated depreciation</i>					
Accumulated depreciation	<u>(13,793,603)</u>	<u>(907,433)</u>	<u>44,016</u>	<u>-</u>	<u>(14,657,020)</u>
<i>Total capital assets, net</i>	<u>\$ 13,836,627</u>	<u>\$ 168,087</u>	<u>\$ (3,168)</u>	<u>\$ -</u>	<u>\$14,001,546</u>

For reporting purposes, the Authority has included the investment in property held for sale Hobbler, as a capital asset within the net assets section. Following is the summary of activity for Hobbler:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Held for sale, not depreciated</i>				
Hobbler homes	<u>\$ 1,834,041</u>	<u>\$ 3,951</u>	<u>\$ (75,783)</u>	<u>\$ 1,762,209</u>

NOTE 6 – LONG-TERM DEBT

Long-term debt at September 30, 2009 is as follows:

The Corporation issued Multifamily Housing Revenue and Refunding Revenue Bonds, Series 2000, for \$14,285,000 for the benefit of the Corporation as borrower, to refund certain outstanding debt of the Corporation, to finance additional apartment projects, to finance the Nez Perce apartment project, and to finance the construction of additions and renovations to both the Vine and Liberty apartment projects. Principal payments are made from rental revenues received on the Corporation's apartment complexes.

(continued on next page)

NOTES TO FINANCIAL STATEMENTS

Revenue and refunding revenue bonds, due in annual installments through 2031 of \$175,000 to \$1,065,000; interest from 6.85% to 7.75%, due semi-annually	\$ 12,905,000
Less current portion	<u>(235,000)</u>
	<u>\$ 12,670,000</u>

Bonds maturing on or after December 1, 2010, are subject to redemption on any date on or after December 1, 2009, at the option and written direction of the Corporation in accordance with the bond document. Bonds maturing on December 1, 2015, are subject to mandatory redemption at par plus accrued interest to the date of redemption in the years and amounts shown in the bond document. Bonds maturing on December 1, 2031, are subject to mandatory redemption at par plus accrued interest to the date of redemption in the years and amounts shown in the bond document. The Bonds are also subject to extraordinary optional redemption in whole or in part prior to maturity under certain conditions dictated by the bond document.

The Corporation signed a fifteen-year mortgage for \$159,300 at 8% per annum for the Shoreline II Darbin Property. The mortgage was obtained to purchase property and to install covered parking.

Mortgage payable, due in annual installments through 2016 of \$1,535 including interest at 8%, secured by property	\$ 89,489
Less current portion	<u>(11,525)</u>
	<u>\$ 77,964</u>

In November 2003, the Authority issued a Revenue Note, Series 2003, for \$2,040,000 for purchase of the River Plaza office building. Principal payments are made from rental revenues received on River Plaza's lease tenants. The Authority has the right to repay \$100,000 of the principal each September 30, without prepayment penalty.

This note was modified on September 30, 2009. As a result of the modification the tax-exempt requirement of the previous loan agreement have been removed, the interest rate is taxable from the date of modification and was increased to 6.70% per annum. The note amortizes over a twenty-five year period, but matures in September 2013. The note is secured by the building. Restricted covenants require the Authority to maintain a fixed charge coverage ratio of at least 2 to 1.

Revenue Note, due in monthly installments through 2013 of \$14,114; interest of 6.70% due monthly	\$ 1,278,310
Less current portion	<u>(88,543)</u>
	<u>\$ 1,189,767</u>

NOTES TO FINANCIAL STATEMENTS

A summary of activity in the long-term debt is as follows:

	September 30, 2008	Additions	Deletions	September 30, 2009
2000 Refunding Series	\$13,140,000	\$ -	\$ (235,000)	\$12,905,000
2003 Revenue Note	1,450,001	-	(171,691)	1,278,310
Mortgage	100,057	-	(10,568)	89,489
	<u>\$14,690,058</u>	<u>\$ -</u>	<u>\$ (417,259)</u>	<u>\$14,272,799</u>

Maturities of long-term debt are as follows:

	Revenue and Refunding Revenue			
	Bonds, Series, 2000	Darbin Property Management	Revenue Note, Series, 2003	Total
2010	\$ 1,131,302	\$ 18,282	\$ 172,609	\$ 1,322,193
2011	1,132,314	18,282	169,365	1,319,961
2012	1,131,777	18,282	169,365	1,319,424
2013	1,129,689	18,282	1,021,479	2,169,450
2014	1,126,052	18,282		1,144,334
2015-2019	5,608,820	23,211	-	5,632,031
2020-2024	5,602,699	-	-	5,602,699
2025-2029	5,558,776	-	-	5,558,776
2030-2032	3,294,348	-	-	3,294,348
	<u>25,715,777</u>	<u>114,621</u>	<u>1,532,818</u>	<u>27,363,216</u>
Amount representing interest	<u>12,810,777</u>	<u>25,132</u>	<u>254,508</u>	<u>13,090,417</u>
Future principal payments	<u>\$ 12,905,000</u>	<u>\$ 89,489</u>	<u>\$ 1,278,310</u>	<u>\$ 14,272,799</u>

As of September 30, 2009, the Authority was not in compliance with its debt covenants on the Revenue and Refunding Revenue Bonds, Series 2000 in relation to maintaining a coverage ratio of 1.20 to 1. This is to be remedied by employing a consultant to perform analysis and extend recommendations.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

The Public Employee Retirement System of Idaho (PERSI), a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring both the member and the employer to contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to

NOTES TO FINANCIAL STATEMENTS

participate by contractual agreement with PERSI. Financial reports for the plan are available from PERSI upon request.

After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the Authority and its employees are established and may be amended by the PERSI Board of Trustees. For the fiscal year ended September 30, 2009 the required contribution rate as a percentage of covered payrolls was 6.23% for general members and the employer rate as a percentage of covered payroll was 10.39% for general members.

The Authority's contributions required and paid were \$187,896, \$174,289, and \$167,949 for the years ended September 30, 2009, 2008, and 2007, respectively. Of the current year contributions, \$50,750 was allocated to ACHA.

NOTE 8 – RELATED PARTY TRANSACTIONS

Amounts due from related parties include amounts owed to the Low Rent Public Housing Project of the Authority, which acts as a disbursing agent for routine expenditures for the Ada County Housing Authority (ACHA) and the Corporation. Amounts due from ACHA at September 30, 2009 were \$110,724.

The Board of Commissioners of the Authority is also Commissioners of ACHA and Directors of the Corporation. The Board meetings are joint meetings for the Authority, ACHA, and the Corporation. The Commissioners are appointed in alternating years by the Mayor of Boise and the Ada County Commissioners. The Mayor of Boise appoints members in odd numbered years, and the Ada County Commissioners in even numbered years.

The Authority received \$602,577 for the construction of the detoxification center from the City of Boise as well as an additional \$87,589 as part of a tenant based rental assistance grant. The Authority paid the City of Boise approximately \$262,436 through various other transactions under a contractual relationship which included items such as building permits and building related expenditures incurred as of September 30, 2009.

Ada County contributed \$250,000 for the construction of the detoxification center during the year.

All personnel are employed by the Authority. The salaries and benefits of the Executive Director, other administrative staff, and maintenance personnel are allocated among the Authority, ACHA, and the Corporation. Amounts allocated to ACHA 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. The Authority purchased the building in November 2003. ACHA made rental payments to the Authority of \$49,171 during the year. Equipment owned by the respective programs of the Authority and the Authority is not segregated and is used by employees while working on various programs of each entity.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RISK MANAGEMENT

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

NOTE 10 – CONDUIT DEBT

On October 1, 2002, the Authority authorized the issuance of its Multifamily Housing Refunding Revenue Bonds (Civic Plaza Housing Project), Series 2002A, in the aggregate principal amount of \$20,175,000. The Bonds were issued to refund a portion in an amount equal to \$17,175,000 of the Authority's Affordable Housing Revenue Bond Anticipation Notes, 2002A (Civic Plaza Housing Project), which were issued pursuant to a Trust Indenture dated as of August 1, 2002. A corresponding portion of the proceeds held under the 2002A Notes was used to provide for a portion of the financing for the construction and development by Civic Plaza LP, an Idaho limited partnership (the Developer), of a multifamily residential rental housing development and related support facilities and to fund capitalized interest on the Bonds. The balance of the Bonds in an amount equal to \$3,000,000 was issued to provide additional financing for the Project. The issuance is a conduit financing arrangement for the Developer, and the Authority receives no benefit from the issuance of these Bonds and has no liability. Therefore, the Authority has not recorded any benefit or liability on its books. The purpose of the financing is to preserve housing tax credits (Section 42) for the developer until the project is completed. On April 1, 2005, the Authority authorized the issuance of a refinancing of the bonds into the Multifamily Housing Refunding Revenue Bonds (Civic Plaza Housing Project), Series 2005A. On November 1, 2006, a portion of the Bonds in the amount of \$3,635,000 were redeemed. On January 30, 2007, a modification occurred resulting in further reduction of \$2,950,000. As of September 30, 2009, the unpaid principal balance of the Bonds is \$13,154,000.

On October 1, 2002, the Authority authorized the issuance of its Multi-Mode Variable Rate Multifamily Housing Refunding Revenue Bonds (Civic Plaza Housing Project), Series 2002B, in the aggregate principal amount of \$12,825,000. The proceeds of the bonds were loaned by the Authority to Civic Plaza L.P., an Idaho limited partnership (the Developer), pursuant to a loan agreement between the Authority and the developer dated October 1, 2002. The Bonds was used to refund on October 15, 2002, a portion of the Authority's Affordable Housing Revenue Bond Anticipation Notes (Civic Plaza Housing Project), 2002A. A corresponding portion of the proceeds of the 2002A Notes were used by the Developer to finance the costs of acquiring and constructing an underground parking structure as well as other projects as described in the bond document. The issuance is a conduit financing arrangement for the Developer, and the Authority receives no benefit from the issuance of this Bond and has no liability. Therefore, the Authority has not recorded any benefit or liability on its books. As of September 30, 2009, the unpaid principal balance of the Bonds is \$12,125,000.

On October 1, 2002, the Authority authorized the issuance of its Multi-Mode Variable Rate Multifamily Housing Revenue Bonds (Civic Plaza Housing Project), Series 2002C, in the aggregate principal amount of \$2,500,000. The proceeds of the bonds were loaned by the Authority to Capital City Development Corporation, (the Agency), pursuant to a loan agreement between the Authority and the Agency dated October 1, 2002. The Bonds were used to purchase an undivided interest in certain parking facilities as described in the bond documents. The issuance is a conduit financing arrangement for the Agency, and the Authority receives no benefit from the issuance of these Bonds and has no liability. Therefore, the Authority has not recorded any benefit or liability on its books. As of September 30, 2009, the unpaid principal balance of the Bonds is \$2,065,000.

BOISE CITY HOUSING AUTHORITY

OTHER SUPPLEMENTARY INFORMATION

BOISE CITY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2009

	Low Rent Public Housing Annual Contributions Contract SF-376	Capital Fund Program	Section 8 Vouchers- Annual Contributions Contract S-0037V	VASH	Supportive Housing for Persons with Disabilities
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 754,618	\$ -	\$ 1,343,679	\$ -	\$ 15,435
Tenant security deposits	15,740	-	-	-	-
Accounts receivable - HUD	5,120	19,154	-	-	12,124
Accounts receivable - tenant, net	1	-	-	-	-
Accounts receivable - portables	-	-	-	-	-
Grant receivable	-	-	-	-	-
Miscellaneous receivable	5,737	-	1,644	-	-
Related party receivable	96,150	-	-	-	-
Interfund receivable, current	194,700	-	-	-	-
Prepaid expenses	34,330	-	14,522	-	-
Restricted investments	-	-	-	-	-
Unrestricted investments	-	-	-	-	-
Total current assets	1,106,396	19,154	1,359,845	-	27,559
LAND, BUILDING AND EQUIPMENT					
Capital assets, not depreciated					
Land	283,727	-	-	-	-
Construction In Progress	-	19,154	-	-	-
Capital assets, depreciated					
Land improvements	553,609	5,048	-	-	-
Buildings and improvements	5,871,395	182,303	-	-	-
Furniture and equipment	730,775	-	196,454	-	-
	7,439,506	206,505	196,454	-	-
Accumulated depreciation	(6,030,761)	(5,466)	(177,742)	-	-
	1,408,745	201,039	18,712	-	-
OTHER ASSETS					
Restricted cash	3,080	-	201,425	96,661	-
Restricted investments	-	-	-	-	-
Interfund receivable, long-term	-	-	-	-	-
Property held for sale	-	-	-	-	-
Property held for investment	-	-	-	-	-
Bond issuance costs, net	-	-	-	-	-
	3,080	-	201,425	96,661	-
	\$ 2,518,221	\$ 220,193	\$ 1,579,982	\$ 96,661	\$ 27,559

Shoreline Apartments	Allumbaugh CDBG	Other Business-Type Activities	Eliminations	Total
\$ 85,217	\$ -	\$ 1,833,350	\$ -	\$ 4,032,299
19,110	-	57,638	-	92,488
14,897	-	459	-	51,754
1,102	-	10,711	-	11,814
-	-	-	-	-
-	309,931	124,776	-	434,707
4,108	-	19,848	-	31,337
-	-	14,700	-	110,850
-	-	39,653	(234,353)	-
21,585	-	58,771	-	129,208
96,672	-	420,842	-	517,514
658,770	-	358,883	-	1,017,653
<u>901,461</u>	<u>309,931</u>	<u>2,939,631</u>	<u>(234,353)</u>	<u>6,429,624</u>
280,468	297,000	839,856	-	1,701,051
-	763,149	45,900	-	828,203
-	-	-	-	-
218,723	-	1,399,857	-	2,177,237
3,303,404	-	12,410,997	-	21,768,099
419,005	-	837,742	-	2,183,976
<u>4,221,600</u>	<u>1,060,149</u>	<u>15,534,352</u>	<u>-</u>	<u>28,658,566</u>
<u>(3,331,015)</u>	<u>-</u>	<u>(5,112,036)</u>	<u>-</u>	<u>(14,657,020)</u>
<u>890,585</u>	<u>1,060,149</u>	<u>10,422,316</u>	<u>-</u>	<u>14,001,546</u>
-	-	-	-	301,166
212,898	-	926,815	-	1,139,713
3,099,416	-	229,576	(3,328,992)	-
-	-	1,762,209	-	1,762,209
423,872	-	-	-	423,872
49,535	-	192,365	-	241,900
<u>3,785,721</u>	<u>-</u>	<u>3,110,965</u>	<u>(3,328,992)</u>	<u>3,868,860</u>
<u>\$ 5,577,767</u>	<u>\$ 1,370,080</u>	<u>\$ 16,472,912</u>	<u>\$ (3,563,345)</u>	<u>\$ 24,300,030</u>

BOISE CITY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
SEPTEMBER 30, 2009

	Low Rent Public Housing Annual Contributions Contract SF-376	Capital Fund Program	Section 8 Vouchers- Annual Contributions Contract S-0037V	VASH	Supportive Housing for Persons with Disabilities
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 56,764	\$ 19,154	\$ 3,413	\$ -	\$ 11,948
Employee accrued liabilities	184,177	-	20,986	-	-
Accrued interest payable	-	-	-	-	-
Payment in lieu of taxes	34,578	-	-	-	-
Tenant security deposits payable	15,740	-	-	-	-
Prepaid rent	3,583	-	-	-	-
Deferred revenue	-	-	-	-	-
Related party payable	-	-	-	-	-
Current portion of long-term debt	-	-	-	-	-
Interfund payable, current	-	-	85,078	-	3,952
Total current liabilities	<u>294,842</u>	<u>19,154</u>	<u>109,477</u>	<u>-</u>	<u>15,900</u>
OTHER LIABILITIES	-	-	298,086	-	-
LONG-TERM LIABILITIES					
Interfund payable, long-term	-	-	-	-	-
Mortgage payable, net of current portion	-	-	-	-	-
Revenue notes payable, net of current portion	-	-	-	-	-
Bonds payable, net of current portion	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS					
Invested in capital assets net of related debt	1,408,745	201,039	18,712	-	-
Restricted	3,080	-	599,830	96,661	-
Unrestricted	811,554	-	553,877	-	11,659
	<u>2,223,379</u>	<u>201,039</u>	<u>1,172,419</u>	<u>96,661</u>	<u>11,659</u>
	<u>\$ 2,518,221</u>	<u>\$ 220,193</u>	<u>\$ 1,579,982</u>	<u>\$ 96,661</u>	<u>\$ 27,559</u>

Shoreline Apartments	Allumbaugh CDBG	Other Business-Type Activities	Eliminations	Total
\$ 2,661	\$ -	\$ 267,269	\$ -	\$ 361,209
6,368	-	21,533	-	233,064
56,206	-	244,681	-	300,887
16,701	-	-	-	51,279
19,110	-	57,638	-	92,488
2,010	-	16,207	-	21,800
-	-	4,077	-	4,077
-	-	126	-	126
43,898	-	291,170	-	335,068
27,281	-	121,842	(238,153)	-
<u>174,235</u>	<u>-</u>	<u>1,024,543</u>	<u>(238,153)</u>	<u>1,399,998</u>
-	-	-	-	298,086
-	-	3,325,192	(3,325,192)	-
-	-	77,964	-	77,964
-	-	1,189,767	-	1,189,767
<u>2,366,726</u>	<u>-</u>	<u>10,303,274</u>	<u>-</u>	<u>12,670,000</u>
<u>2,366,726</u>	<u>-</u>	<u>14,896,197</u>	<u>(3,325,192)</u>	<u>13,937,731</u>
(786,597)	1,060,149	1,670,007	-	3,572,055
-	-	-	-	699,571
<u>3,823,403</u>	<u>309,931</u>	<u>(1,117,835)</u>	<u>-</u>	<u>4,392,589</u>
<u>3,036,806</u>	<u>1,370,080</u>	<u>552,172</u>	<u>-</u>	<u>8,664,215</u>
<u>\$ 5,577,767</u>	<u>\$ 1,370,080</u>	<u>\$ 16,472,912</u>	<u>\$ (3,563,345)</u>	<u>\$ 24,300,030</u>

BOISE CITY HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
YEAR ENDED SEPTEMBER 30, 2009

	Low Rent Public Housing Annual Contributions Contract SF-376	Public Housing Capital Fund Program 1D16P01350105	Section 8 Vouchers- Annual Contributions Contract S-0037V	VASH	Supportive Housing for Persons with Disabilities
OPERATING INCOME					
Dwelling and rental income	\$ 405,561	\$ -	\$ -	\$ -	\$ -
Tenant revenue, other	6,006	-	-	-	-
HUD contributions/grants	211,352	-	6,860,016	117,544	87,640
Other revenue	57,612	-	24,938	-	13,417
Total operating income	680,531	-	6,884,954	117,544	101,057
OPERATING EXPENSES					
Administration	250,650	18,885	958,956	-	2,006
Utilities	59,784	-	-	-	-
Tenant services	6,405	-	-	-	86,711
Ordinary maintenance and operations	151,316	-	2,460	-	-
General expenses	82,691	-	25,593	-	476
Extraordinary maintenance	14,540	-	-	-	-
Rental assistance payments	-	-	6,665,600	65,820	-
Depreciation and amortization	223,949	5,263	17,358	-	-
Total operating expenses	789,335	24,148	7,669,967	65,820	89,193
NET OPERATING INCOME (LOSS)	(108,804)	(24,148)	(785,013)	51,724	11,864
NONOPERATING REVENUE (EXPENSES)					
Investment income, unrestricted	11,088	-	9,461	-	148
Investment income, restricted	-	-	18,387	-	-
HUD Capital Project Fund grants	-	184,372	-	-	-
Other capital revenue, Allumbaugh facility	-	-	-	-	-
Interest expense	-	-	-	-	-
Gain on sale of property	812	-	-	-	-
Total nonoperating revenue (expenses)	11,900	184,372	27,848	-	148
CHANGE IN NET ASSETS BEFORE TRANSFERS	(96,904)	160,224	(757,165)	51,724	12,012
TRANSFERS	136,767	(136,767)	-	-	-
NET ASSETS, BEGINNING	2,183,516	177,582	1,929,584	44,937	(353)
NET ASSETS, ENDING	\$ 2,223,379	\$ 201,039	\$ 1,172,419	\$ 96,661	\$ 11,659

Shoreline Apartments	Allumbaugh CDBG	Other Business-Type Activities	Eliminations	Total
\$ 197,826	\$ -	\$ 1,301,556	\$ -	\$ 1,904,943
-	-	27,349	-	33,355
568,664	-	116,055	-	7,961,271
3,694	-	365,291	(201,931)	263,021
770,184	-	1,810,251	(201,931)	10,162,590
146,497	33,796	525,580	(201,931)	1,734,439
30,449	-	90,573	-	180,806
63,382	-	-	-	156,498
73,727	-	231,831	-	459,334
41,005	12,306	94,978	-	257,049
9,613	-	28,187	-	52,340
-	-	73,641	-	6,805,061
91,829	-	580,464	-	918,863
456,502	46,102	1,625,254	(201,931)	10,564,390
313,682	(46,102)	184,997	-	(401,800)
28,823	-	36,933	-	86,453
2,412	-	10,442	-	31,241
-	-	-	-	184,372
-	1,027,578	-	-	1,027,578
(169,058)	-	(802,403)	-	(971,461)
(1,411)	-	37,055	-	36,456
(139,234)	1,027,578	(717,973)	-	394,639
174,448	981,476	(532,976)	-	(7,161)
-	388,604	(388,604)	-	-
2,862,358	-	1,473,752	-	8,671,376
<u>\$ 3,036,806</u>	<u>\$ 1,370,080</u>	<u>\$ 552,172</u>	<u>\$ -</u>	<u>\$ 8,664,215</u>

BOISE CITY HOUSING AUTHORITY

SINGLE AUDIT SECTION

BOISE CITY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH IDAHO HOUSING AND FINANCE ASSOCIATION		
Section 8 New Construction and Substantial Rehabilitation	14.182	\$ 506,252
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Service Coordinators in Multi-Family Housing	14.191	62,412
Supportive Housing for Persons with Disabilities	14.181	87,640
Public Low Rent Housing	14.850	211,352
Section 8 Housing Choice Vouchers	14.871	6,860,016
HUD-Vetrans Affairs Supportive Housing Program	14.VSH	117,544
Public Housing Capital Fund	14.872	184,372
Community Development Block Grants/ Entitlement Grants	14.218	<u>602,578</u>
Total Federal Awards		<u><u>\$ 8,632,166</u></u>

BOISE CITY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2009

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 programs have 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
Section 8 New Construction and Substantial Rehabilitation	14.182
Supportive Housing for Persons with Disabilities	14.218



CPAs & BUSINESS ADVISORS

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*

To the Board of Commissioners
Boise City Housing Authority
Boise, Idaho

We have audited the financial statements of Boise City 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 Boise City 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 Boise City Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Boise City 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 Boise City 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 Boise City Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Boise City 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 Boise City 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 Boise City 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 non compliance or other matters that are required to be reported under *Government Auditing Standards* except as disclosed in the accompanying schedule of findings and questioned costs as item 09-1.

We noted certain matters that we reported to management of Boise City Housing Authority, in a separate letter dated January 27, 2010.

Boise City Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Boise City Housing Authority's response and, accordingly, we express no opinion on it.

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

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**

To the Board of Commissioners
Boise City Housing Authority
Boise, Idaho

Compliance

We have audited the compliance of Boise City 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 Authority'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 Boise City Housing Authority's management. Our responsibility is to express an opinion on the Organization'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 Boise City 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 Boise City Housing Authority's compliance with those requirements.

In our opinion, Boise City 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. However, the results of our auditing procedures 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 item 09-1.

Internal Control Over Compliance

The management of Boise City 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 Organization'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 Organization'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.

Boise City Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Boise City Housing Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the Organization, 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 "Erik Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
January 27, 2010

**BOISE CITY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2009**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's 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)? Yes

Identification of major programs:

<u>CFDA number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers
14.182	Section 8 New Construction and Substantial Rehabilitation
14.181	Supportive Housing for Persons with Disabilities

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

**BOISE CITY HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2009**

Section III - Federal Award Findings and Questioned Costs

09-1 – CFDA 14.871 - Section 8 Choice Vouchers

Condition – During testing for forty participants of the voucher program, it was noted that there was one instance of an incorrect utility allowance was used to calculate the tenants rent during the annual re-examination.

Criteria – In accordance with 24 CFR section 982.517, the Authority is required to maintain an up-to-date utility allowance schedule, review them annually, and adjust the schedules if necessary. Tenants must be reviewed to the updated utility rate schedule during the annual re-examination with adjustments being made to the subsidy payment if necessary.

Cause – The controls that were currently in place did not detect the incorrect utility allowance during completion of the annual re-examination.

Effect – The tenant file was not completed in accordance with grant requirements and caused the tenants subsidy payment for the year to be misstated by approximately \$30 per month.

Recommendation – Files should be periodically tested internally for compliance with the grant requirements to ensure that the internal controls over tenant files are working properly.

Corrective Action Plan (CAP)

Actions Planned in Response to Finding - The housing representative did not update the utilities to the current schedule and the 2007 schedule was still being used to calculate rent. This was corrected immediately and a search was performed in the database to identify any other 2007 schedules still being used. We didn't identify any other files using the 2007 schedule.

Explanation of Disagreement – There is no disagreement with the audit finding.

Official Responsible for Ensuring Corrective Action – Katie Kilgrew, Housing Programs Manager

Planned Completion for Correction Action - This will be ongoing.

Plan to Monitor Completion of Corrective Action – We are now checking the database after we have implemented a new schedule to look for any that may have gone unchanged.