



Yolo County Housing

Lisa A. Baker, Executive Director

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DATE: May 13, 2010
TO: YCH Board of Commissioners
FROM: Lisa A. Baker, Executive Director
By: Mark Stern, Finance Director
SUBJECT: **Approval of the FY 2008-2009 Audit for Yolo County Housing**

RECOMMENDED ACTIONS:

That the Board of Commissioners accept and approve the FY 2008-2009 Yolo County Housing audit.

BACKGROUND / DISCUSSION

Staff presents the audit report from our independent Certified Public Accounting firm for the fiscal year ended June 30, 2009. The auditors have issued an unqualified opinion on the financial statements, compliance with requirements applicable to each major program and on internal control over compliance with Circular OMB A-133. However, because of the YCH's financial condition and its continued "troubled" status with the U.S. Department of Housing and Urban Development (HUD), the YCH is not considered a "low risk" auditee.

There are two (2) financial findings related to prior year issues and two (2) program findings, one of which is related to prior operations issues. YCH staff agrees with the findings and is continuing to improve controls over the areas of concern. These findings are generally continuations of findings from 2007-2008 and although the status has improved, the shortcomings have not been completely eliminated.

The online submission of the audit to the federal clearinghouse was submitted prior to the March 31, 2010 due date. Problems with HUD's electronic Secure Systems extended the electronic submission to HUD deadline to April 30. Our electronic Audited FDS was submitted April 28th. In addition, a copy of the audit was submitted to the San Francisco HUD Office, in accordance with requirements.

The audit report is on record at the Clerk of the Board. Interested persons can review the report at either the Clerk of the Board at 625 Court Street, or at the office of the YCH at 147 W. Main Street, Woodland, CA during normal business hours.

Staff wishes to commend and thank the auditors, Harn & Dolan for its conscientious, professional and thorough approach during the audit process.

FISCAL IMPACT

Reversal of the contingent liability to HUD related to the purchase and reconstruction for the administration building has moved YCH from a position of Deficit Unrestricted Net Assets into a positive position.

Agency-wide YCH had a loss of \$891,862. The primary components of the loss were:

- HCV payments exceeding funding by \$953,787 which affected Net Restricted Assets;
 - Subsequent to year end YCH received \$144,504 set aside funding as partial compensation for the 2008-2009 shortfall
- Depreciation expense of \$892,848 which, except for the OMS Migrant programs, affected all programs;
- The Other Post Employment Benefits (OPEB) expense accrual of \$303,496 affected all programs except Cottonwood Meadows and Davis Solar.

CONCLUSION:

Staff recommends that the Board receive and approve the audit as submitted.