



# Yolo County Housing

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## BOARD OF COMMISSIONERS

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DATE: April 14, 2011  
TO: YCH Board of Commissioners  
FROM: Lisa A. Baker, Executive Director  
By: Mark Stern, Finance Director  
SUBJECT: **Review, Approve and Accept the FY 2009-2010 Audit for Yolo County Housing**

### RECOMMENDED ACTION

That the Board of Commissioners review, approve and accept the FY 2009-2010 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, 2010. The auditors have issued an unqualified opinion on the financial statements but a qualified opinion on compliance with requirements applicable to each major program and on internal control over compliance with Circular OMB A-133.

There are two (2) financial findings related to prior year issues and three (3) program findings, one of which is related to prior operations issues. Three of the five findings are continuations of findings from 2008-2009 and although the status has improved, the shortcomings have not been completely eliminated. YCH staff is committed to resolving the remaining issues. Staff believes the two findings related to Inter-Fund Balances resulted from software issues that can be resolved through technical support from our software vendor.

#### Financial Findings

- 1) General Ledger Maintenance continues to present challenges that the auditors find reportable. The problem results from a combination of software and staff time limitations. Staff has committed to resolving the issues that are not the result of software limitations.
- 2) Segregation of Duties continues to be a finding primarily because of agency size. Several procedures have been implemented since this finding was first noted several years ago but without having more staff to share the duties, best practice segregation cannot be accomplished. Staff is researching possible third party rent collection vendors to solve the perceived problem.

#### Major Federal Programs Findings

- 1) Documents missing from tenant files are a continuation of the 2008-2009 finding. Housing Management staff has committed to performing random audits of tenant files to ensure that all

required documents are contained in the files and that files are organized in a consistent manner to facilitate locating specific documents.

2) and 3) The change in auditors led to a finding regarding Interfund Accounts in both Low Income Public Housing and Housing Choice Vouchers. This is a longstanding problem that has built up balances over several years that staff believes is partially the result of deficiencies in the initial set-up of TenMast in 2006 and partially the identified finding of unallowable transfers between programs that happened during that same time. Staff has begun reconstructing transfer activity and plans to enlist technical assistance from TenMast to resolve the set-up problems.

The online submission of the audit to the federal clearinghouse was submitted prior to the March 31, 2011 due date.

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 thank the auditors, Reznick Group, P.C., for its conscientious approach during the audit process.

### **FISCAL IMPACT**

Agency-wide YCH had net income of \$1,705,858. The primary components of the gain were:

- HCV Voucher Funding exceeding payments by \$282,624 .
- Subsequent to the end of the year, YCH negotiated an adjustment to HCV Net Restricted Assets that resulted in a Prior Period Adjustment increasing NRA by \$133,658 but reducing COCC Net Assets by the same amount.
- HCV Administrative Funding exceeded expenses by \$141,080.
- Low Income Public Housing had net income of \$685,735. This primarily resulted from Capital Fund Income for Capitalized Building Improvements classified as depreciable assets.
- COCC recorded net income of \$462,247 which primarily resulted from Capital Fund Income for payment of Debt Service after approval of YCH's CFFP workout plan.

### **CONCLUSION**

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

**Attachment:**                      Audit Report on file with the Clerk of the Board