

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO**

ANNUAL CONTRIBUTIONS CONTRACT

SF - 184

**GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

AT DECEMBER 31, 2018

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS IDAHO**

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INDEPENDENT AUDITOR'S REPORT

July 30, 2019

To the Board of Commissioners
Twin Falls Housing Authority
Twin Falls, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Twin Falls Housing Authority (PHA), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the PHA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Twin Falls Housing Authority, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7, budgetary comparison information on page 23, and public employee pension information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Twin Falls Housing Authority's basic financial statements. The accompanying Financial Data Schedule and supplementary information on pages 20-22 and the schedule of expenditures of federal awards on page 24 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Financial Data Schedule and supplementary information as well as the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule and supplementary information along with the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019, on our consideration of the Twin Falls 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Twin Falls Housing Authority's internal control over financial reporting and compliance.

Workman & Company

WORKMAN & COMPANY
Certified Public Accountants
Twin Falls, Idaho

TWIN FALLS HOUSING AUTHORITY

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TWIN FALLS, IDAHO
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Management's Discussion and Analysis

July 30, 2019

The Twin Falls Housing Authority (PHA) general purpose external financial statements are presented in this report. The components of the general purpose external financial statements include:

- Management's Discussion and Analysis (MD&A)
- Basic Financial Statements
- Other Required Supplementary Information. (RSI)

Within this section of the Housing Authority's annual financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the year ended December 31, 2017. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The PHA's assets exceeded liabilities by \$ 1,876,816 (net position) for the year 2018.
- Total net position is comprised of the following:

Capital assets, net of related debt (none) of \$1,418,788 include property and equipment and net of accumulated depreciation. Unrestricted net position of \$ 458,028 represents the portion available to maintain the PHA's continuing obligations to tenants and creditors.

- Total liabilities at the end of the year were:
 - Current \$ 131,637
 - Non-Current 208,389

Overview of the Financial Statements

The PHA's basic financial statements comprise the following elements:

Fund Financial Statements

Fund financial statements focus on individual parts of the PHA, reporting the PHA's operations. Fund financial statements include the statements for governmental and proprietary funds.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the fund financial statements.

Refer to Note 1 of the financial statements for more detailed information on the elements of the financial statements.

Table 1 (below) summarizes the major features of the basic financial statements.

Table 1: Major Features of the Basic Financial Statements

Fund Financial Statements

Proprietary Funds

Scope	Activities of the Authority that are operated similar to private businesses.
Required financial statements	* Statement of net position * Statement of revenues, expenses, and changes in net assets * Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.

Condensed Financial Information

The largest component (\$ 1,418,788) of the PHA's net position reflects its investment in capital assets (e.g. land, buildings, equipment, and furnishings and fixtures), less any related debt (at the financial statement date there was no related debt) that was needed to acquire or construct the assets. The PHA uses these capital assets to provide low rent public housing to the residents of Twin Falls, Idaho; consequently, this net position is not eligible for future spending. The remaining portion of net position is unrestricted, which can be used to finance PHA operations.

**Table 2: Condensed Statement of Net Position
 As of December 31, 2018**

	Business-type Activities
Current and other assets	\$ 800,364
Capital assets and Deferred Outflows	1,453,061
Total Assets and Deferred Outflows	2,253,425
Other Liabilities and Deferred Inflows	376,609
Total Liabilities and Deferred Inflows	376,609
Net assets:	
Invested in capital assets net of related debt	1,418,788
Unrestricted	458,028
Total Net Assets	\$ 1,876,816

Program Expenses and Revenues for Business-type Activities

Table 3 (below) presents expenses and revenues for business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses before depreciation. When including depreciation, the authority still has sufficient reserves to offset any deficit.

**Table 3: Program Expenses and Revenues
 for Business-type Activities
 For the Year Ended December 31, 2018**

PHA Programs	Program Expenses Before Depreciation	Program Revenues	Net Program (Expenses) Revenues
Public Housing Assistance	\$ 906,564	\$ 969,925	\$ 63,361
Totals	<u>\$ 906,564</u>	<u>\$ 969,925</u>	<u>\$ 63,361</u>

The Twin Falls Housing Authority adopts an annual budget. A budgetary comparison statement is provided below. Significant variances are attributable to the following: Tenant revenues are higher than the budget due to current economic conditions. During the current year, federal subsidies and grants spent were higher than budget. Maintenance costs were under budget. General expense included insurance costs were slightly under budget.

**Table 4: Analysis of Significant Budget Variances
 As of December 31, 2018**

	Original and Final Budget	Actual	Variances
Revenues:			
Tenant	\$ 625,000	\$ 640,037	\$ 15,037
Other	25,300	41,231	15,931
Subsidies and Grants	470,000	500,619	30,619
Totals	<u>1,120,300</u>	<u>1,181,887</u>	<u>61,587</u>
Expenditures:			
Administrative	331,660	273,824	57,836
Utilities	164,500	157,140	7,360
Ordinary Maintenance	430,350	397,359	32,991
General Expenses	56,000	48,455	7,545
Insurance	33,000	29,786	3,214
Extraordinary Maintenance and Items	50,750	0	50,750
Depreciation	190,000	181,431	8,569
Capital Improvements	0	0	0
Totals	<u>1,256,260</u>	<u>1,087,995</u>	<u>168,265</u>
Excess (Deficiency)	<u>\$ (135,960)</u>	<u>\$ 93,892</u>	<u>\$ 229,852</u>

The following fixed asset information shows capital expenditures during the current year of \$207,136 which were paid for by capital funding projects from HUD.

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 99,631			\$ 99,631
Buildings and Improvements	7,812,158	160,269		7,972,427
Furnishings and Equipment	658,008	46,867	(13,684)	691,191
Totals	<u>8,569,797</u>	<u>207,136</u>	<u>(13,684)</u>	<u>8,763,249</u>
Accumulated Depreciation	<u>(7,176,713)</u>	<u>(181,431)</u>	<u>13,683</u>	<u>(7,344,461)</u>
Net Book Value	<u>\$ 1,393,084</u>			<u>\$ 1,418,788</u>

Tables 5 and 6 below contain comparison information from the previous year. The significant changes continue to be from GASB 68 Pension information reporting.

**Table 5: Comparison of Statement of Net Position
As of December 31, 2018, and 2017**

	2018	2017	Percentage Change
Current Assets	\$ 800,364	\$ 760,763	5.2054%
Capital Assets and Deferred Outflows	<u>1,453,061</u>	<u>1,427,656</u>	<u>1.7795%</u>
Total Assets	<u>2,253,425</u>	<u>2,188,419</u>	<u>2.9705%</u>
Current Liabilities	131,637	137,863	-4.5161%
Non-Current Liabilities and Deferred Inflows	<u>244,972</u>	<u>267,632</u>	<u>-8.4669%</u>
Total Liabilities	<u>376,609</u>	<u>405,495</u>	<u>-7.1236%</u>
Net Position:			
Invested in Capital Assets net of related debt	1,418,788	1,393,083	1.8452%
Unrestricted	<u>458,028</u>	<u>389,841</u>	<u>17.4910%</u>
Total Net Position	<u>\$ 1,876,816</u>	<u>\$ 1,782,924</u>	<u>5.2662%</u>

The following is a comparison of the changes in net position from the previous to the current year. The increase in net position is due primarily to efficiencies in reduced operating expenses.

**Table 6: Comparison of Changes of Net Position
 As of December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>	<u>Percentage Change</u>
Revenues:			
Tenant	\$ 640,037	\$ 629,936	1.6035%
Other	41,231	35,818	15.1125%
Subsidies and Grants	<u>500,619</u>	<u>443,487</u>	12.8825%
Totals	<u>1,181,887</u>	<u>1,109,241</u>	6.5492%
Expenditures:			
Administrative	273,824	314,006	-12.7966%
Utilities	157,140	158,145	-0.6355%
Ordinary Maintenance	397,359	371,781	6.8799%
General Expenses	78,241	80,264	-2.5204%
Extraordinary Maintenance and Items	0	33,202	100.0000%
Depreciation	<u>181,431</u>	<u>173,329</u>	4.6743%
Totals	<u>1,087,995</u>	<u>1,130,727</u>	-3.7792%
Increase (Decrease) Net Position	93,892	(21,486)	<u>536.9915%</u>
Beginning Net Position	<u>1,782,924</u>	<u>1,804,410</u>	
Ending Net Position	\$ <u>1,876,816</u>	\$ <u>1,782,924</u>	

The 2016 capital improvement project was completed in the current year.

Requests for Information:

Requests for information regarding the PHA's finances should be directed to:

Leanne Trappen
 Executive Director
 Twin Falls Housing Authority
 200 North Elm Street
 Twin Falls, Idaho 83301
 Telephone: (208)733-5765

TWIN FALLS HOUSING AUTHORITY
Twin Falls, Idaho
Statement of Net Position
at December 31, 2018

ASSETS

Current Assets:

Cash	\$ 199,602	
Restricted Cash - Tenant Deposit	36,775	
Tenant and Other Accounts Receivable, Net of Uncollectable	10,033	
Investments	549,004	
Prepaid Expenses	<u>4,950</u>	
Total Current Assets		\$ 800,364

Property and Equipment:

Land	99,631	
Buildings	7,972,427	
Furnishings and Equipment	<u>691,191</u>	
Total	8,763,249	
Less: Accumulated Depreciation	<u>(7,344,461)</u>	
Total Property and Equipment		1,418,788

Deferred Outflows of Resources:

Deferred Outflows from Pension Activity		<u>34,273</u>
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Total Assets and Deferred Outflows of Resources		\$ <u>2,253,425</u>
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LIABILITIES AND NET POSITION

Current Liabilities:

Accounts and Accrued Liabilities Payable	\$ 42,284	
Accrued Compensated Absences	4,123	
Security Deposits	36,775	
Accrued Payment in Lieu of Taxes	<u>48,455</u>	
Total Current Liabilities		\$ 131,637

Noncurrent Liabilities:

Accrued Compensated Absences	12,368	
Accrued Pension Liability	<u>196,021</u>	
Total Noncurrent Liabilities		208,389

Deferred Inflows of Resources:

Deferred Inflows from Pension Activities		<u>36,583</u>
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Total Liabilities and Deferred Inflows of Resources		376,609
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Net Position:

Invested in Capital Assets Net of Related Debt	1,418,788	
Unrestricted	<u>458,028</u>	
Total Net Position		\$ <u>1,876,816</u>

The accompanying notes are a part of these financial statements.

TWIN FALLS HOUSING AUTHORITY
Twin Falls, Idaho
Statement of Revenues, Expenses, and Changes in Net Position
for the year ended December 31, 2018

Revenues:

Tenant Revenue - Dwelling Rent	\$ 640,037	
Other Tenant Revenue	13,849	
Other Income		
HUD Operating Subsidy and Capital Grant Soft Costs	<u>316,039</u>	
 Total Revenues		 \$ 969,925

Operating Expenses:

Administration	273,824	
Utilities	157,140	
Ordinary Maintenance and Operation	397,359	
Insurance Premiums	29,786	
Other General Expense	48,455	
Extraordinary Maintenance		
Depreciation	<u>181,431</u>	
 Total Operating Expenses		 <u>1,087,995</u>

Net Operating Income (Loss) (118,070)

Nonoperating Revenues (Expenses):

Gain on Sale of Assets		
Gain (Loss) on Pension and Other Activities	20,293	
Interest Income	<u>7,089</u>	
 Total Nonoperating Revenues (Expenses):		 <u>27,382</u>

Net Income (Loss) Before Contributions and Transfers (90,688)

Capital Grants 184,580

Change in Net Position 93,892

Total Net Position - Beginning 1,782,924

Total Net Position - Ending \$ 1,876,816

The accompanying notes are a part of these financial statements.

TWIN FALLS HOUSING AUTHORITY
Twin Falls, Idaho
Statement of Cash Flows
for the year ended December 31, 2018

Cash Flows From Operating Activities:

Receipts from other governments and customers	\$ 1,143,220	
Payments to suppliers and vendors	(622,441)	
Payments to employees and volunteers	(292,652)	
Other receipts	13,849	

Net cash provided (used) by operations \$ 241,976

Cash Flows From Capital Related Financing Activities:

Proceeds from Sale of Assets		
Purchase and construction of capital assets	(207,136)	
Net cash used by capital and related financing activities		(207,136)

Cash Flows From Investing Activities:

Interest Income		7,089
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Net Increase (Decrease) in Cash and Equivalents 41,929

Balances - Beginning of the year 743,452

Balances - Ending of the year \$ 785,381

Displayed as:

Cash and Restricted Cash	236,377	
Investments	549,004	

Balances - Ending of the year \$ 785,381

Reconciliation of Operating Income (Loss) to Net Cash

Provided (Used) by Operating Activities:

Net Change in Net Position - Increase (Decrease)	93,892	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Less Proceeds from Sale of Assets	0	
Depreciation expense	181,431	
Investment Income	(7,089)	

Change in assets and liabilities:

Tenant, Other Accounts Receivable and Uncollected Accounts	(2,564)	
Prepaid Insurance	(236)	
Accounts and Accrued Liabilities Payable	8,814	
Accrued Compensated Absences	2,068	
Security Deposits	50	
Accrued Payment in Lieu of Taxes and Other Accruals	(2,638)	
Change in Public Pension Liabilities and Deferrals	(31,752)	

Net Cash Provided (Used) by Operating Activities: \$ 241,976

The accompanying notes are a part of these financial statements.

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Operations

The project is a Public Housing Agency located in the City of Twin Falls, Idaho, under contract with the United States of America acting through the Department of Housing and Urban Development, for financial assistance for low-income public housing pursuant to the United States Housing Act of 1937, as amended, 42 United States Code Section 1437 et seq. The Twin Falls Housing Authority has no component units. Organized in 1942, the Authority is governed by a five-member Board of Commissioners appointed by the Mayor and City Council of the City of Twin Falls, Idaho. The Board elects a chairman, vice chairman, and secretary.

Fund Accounting

The financial activities of the Authority are reported in accordance with GASB 34. The Housing Authority records transactions using an Enterprise Fund format. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred, and / or net income is necessary for management accountability.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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.

The accompanying financial statements have been prepared using the accrual basis of accounting for all funds. Accordingly, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Budgets

Budgets are adopted on the basis of accounting consistent with the basis of accounting for the fund to which it applies. The Authority prepares annual operating budgets for the Low Income Public Housing program. The budgets are formally adopted by its governing Board of Commissioners and are approved by the funding agency. The budgets for the programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

Cash Deposits and Investments

Cash deposits and investments consist of checking and timed certificates of deposits in local federally insured banks. These deposits and investments are Category 1 type risk investments fully insured by the FDIC. The Authority has no other investments that would require a risk category.

Accounts Receivable

Accounts receivable represent amounts due from tenants for rent, excess utility charges, tenant caused damages and services provided for the tenant by the Authority. There has been an allowance for uncollectible accounts established at this report date of \$ 1,215.

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

Cash Equivalents

For the statement of cash flows, investment instruments, which are all unrestricted and which consist of certificates of deposits and savings accounts at local banks, are liquid within 30 days and are cash equivalents.

Fixed Assets

Fixed assets purchased are recorded as capital assets at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Building	20-30 years
Furniture and Fixtures	7-10 years
Maintenance Equipment	7-10 years

It is the policy of the Authority to capitalize assets costing \$2,000 or more.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Compensated Absences

Employees earn annual leave and sick leave. At termination, employees are paid for any accumulated annual leave. The liability for accumulated annual leave at the financial statement date is reported on the statement of net assets.

Deferred Outflows/Inflows of Resources

In 2007, the Governmental Accounting Standards Board (GASB) released Concepts Statement No. 4 *Elements of Financial Statements* which provides a framework for determining the nature of financial accounting or reporting issues. Since the release of the framework, GASB has been looking at the assets and liabilities on the balance sheet to determine if they should continue to be reflected as such. GASB has concluded that, in order to improve financial reporting, there are assets and liabilities that no longer should be reflected as assets and liabilities. These changes are included in the recently-issued GASB Statement No. 65, *Items Previously Reported as Asset and Liabilities*.

These changes include two new items that are reflected on the Statement of Net Position.

- Deferred outflow of resources – the current *consumption* of net assets that is applicable to a *future* reporting period.
- Deferred inflows of resources – the current *acquisition* of net assets that is applicable to a *future* reporting period.

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

The Authority's financial statements may report a separate section for deferred inflows of resources which reflects an increase in resources that applies to a future period.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - INVESTMENTS

The Authority held the below listed investments as of the financial statement date. The investments are categorized to give an indication of the level of risk assumed by the Authority at the end of the year. The categories are described as follows:

Category A – Insured, registered, or securities held by the Authority or its agent in the Authority's name.

<u>Description</u>	<u>Amount</u>
Certificates of Deposit:	
Idaho Central Credit Union	\$ 204,984
DL Evans Savings	223,551
First Federal Savings Bank	120,469

These amounts are classified on the financial statements as \$ 549,004 Investments. Each of these investments conforms to the Department of Housing and Urban Development guidelines. Interest earned on investments is recorded on an accrual basis.

NOTE 3 - FIXED ASSETS

A summary of changes in fixed assets is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 99,631			\$ 99,631
Buildings and Improvements	7,812,158	160,269		7,972,427
Furnishings and Equipment	658,008	46,867	(13,684)	691,191
Totals	<u>8,569,797</u>	<u>207,136</u>	<u>(13,684)</u>	<u>8,763,249</u>
Accumulated Depreciation	<u>(7,176,713)</u>	<u>(181,431)</u>	<u>13,683</u>	<u>(7,344,461)</u>
Net Book Value	<u>\$ 1,393,084</u>			<u>\$ 1,418,788</u>

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

NOTE 4 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Housing Authority expects such amounts, if any, to be insignificant.

NOTE 5 – EMPLOYEE RETIREMENT PLAN

Plan Description

The Authority contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age and highest average salary. Members become fully vested in their retirement benefits with five years of credited services (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

-Continued

The contribution rates for employees are set by statute at 60% of employer rate for general employees. As of June 30, 2018, it was 6.79% for general employees. The employer contribution rate is set by the Retirement Board and was 11.32% for general employees. The Authority's contributions were \$ 49,166 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At December 31, 2018, the Authority reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2018, the Authority's proportion was 0.0132894 percent.

For the year ended December 31, 2018, the Authority recognized pension expense (revenue) of (\$20,293). At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,518	\$ 21,779
Changes in assumptions or other inputs	\$ 12,755	
Net difference between projected and actual earnings on pension plan investments		\$ 14,804
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	\$ (24,583)	
Authority's contributions subsequent to the measurement date	\$ 24,583	
Total	\$ 34,273	\$ 36,583

\$ 24,583 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019.

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

-Continued

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2018 the beginning of the measurement period ended June 30, 2018 is 4.9 and 5.5 for the measurement period June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended December 31, 2018:

2018	\$(15,047)
2019	\$ 15,934
2020	\$ 1,878
2021	\$(16,063)
2022 and Thereafter	\$(4,060)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.5 – 10.00%
Salary inflation	3.75%
Investment rate of return	7.10%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2007 through June 30, 2013 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The Total Pension Liability as of June 30, 2018 is based on the results of an actuarial valuation date of July 1, 2018.

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

-Continued

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2017.

Capital Market Assumptions

	<u>Expected Return</u>	<u>Expected Risk</u>	<u>Strategic Normal</u>	<u>Strategic Ranges</u>
Equities:			70%	66%-77%
Broad Domestic Equity	9.15%	19.00%	55%	50%-65%
International	9.25%	20.20%	15%	10%-20%
Fixed Income:	3.05%	3.75%	30%	23%-33%
Cash	2.25%	0.90%	0%	0%-5%
			<u>Expected Real Return</u>	<u>Expected Risk</u>
Total Fund				
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%

* Expected arithmetic return net of fees and expenses

Actuarial Assumptions:

Assumed Inflation - Standard Deviation	3.25%
Portfolio Arithmetic Mean Return	2.00%
Geometric Rate of Return	8.42%
Assumed Investment Expenses	7.50%
Long-Term Expected Geometric Rate of Return Net of Investment Expenses	<u>0.40%</u>
	7.10%

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

-Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 215,623	\$ 196,021	\$ 176,419

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov

Payables to the pension plan

At December 31, 2018, the Authority reported payables to the defined benefit pension plan of \$ 0 for legally required employer contributions and \$ 0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 6 - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES

Annual Contributions Contract SF-184 from HUD is an operating subsidy. Pursuant to the Annual Contributions Contract, HUD contributes an operating subsidy approved in the operating budget under the Annual Contributions Contract. Operating subsidy and capital grant soft cost contributions for the Low -Income Public Housing Program were \$ 233,996 in the current period.

**TWIN FALLS HOUSING AUTHORITY
TWIN FALLS, IDAHO
NOTES TO THE FINANCIAL STATEMENTS
At December 31, 2018**

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management.

NOTE 8 – SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through July 30, 2019, the date on which the financial statements were available to be issued.

TWIN FALLS HOUSING AUTHORITY
Twin Falls, Idaho
HUD Project No. SF-184

**SUPPLEMENTARY INFORMATION
REQUIRED BY HUD**

TWIN FALLS HOUSING AUTHORITY
Twin Falls, Idaho
HUD Project No. SF-184
Financial Data Schedule
Balance Sheet
at December 31, 2018

ASSETS

Acct No

Current Assets:			
111	Cash Unrestricted	\$ 199,602	
114	Cash Tenant Security Deposits	36,775	
125	Miscellaneous Accounts Receivable	10,033	
126	Accounts Receivable - Tenants	1,215	
126.1	Allowance for Doubtful Accounts - Tenants	(1,215)	
131	Investments - Unrestricted	549,004	
142	Prepaid Expenses and Other Assets	<u>4,950</u>	
	Total Current Assets		\$ 800,364
Property and Equipment			
161	Land	99,631	
162	Buildings	7,972,427	
163	Furnishings and Equipment Dwellings	354,132	
164	Furnishings and Equipment Administration	<u>337,059</u>	
	Total	8,763,249	
166	Less: Accumulated Depreciation	<u>(7,344,461)</u>	
	Total Property and Equipment		1,418,788
Other Non-Current Assets:			
200	Deferred Outflow of Resources		<u>34,273</u>
	Total Assets and Deferred Outflow of Resources		<u>\$ 2,253,425</u>

LIABILITIES AND EQUITY

Current Liabilities:			
312	Accounts Payable	\$ 42,284	
322	Accrued Compensated Absences - Current	4,123	
333	Accounts Payable Other Government	48,455	
341	Security Deposits	<u>36,775</u>	
	Total Current Liabilities		\$ 131,637
Noncurrent Liabilities:			
354	Accrued Compensated Absences Noncurrent	12,368	
357	Accrued Pension Liability	<u>196,021</u>	
	Total Noncurrent Liabilities		<u>208,389</u>
	Total Liabilities		340,026
Other Non-Current Assets:			
400	Deferred inflow of Resources		36,583
508	Invested in Capital Assets	1,418,788	
512	Unrestricted Net Position	<u>458,028</u>	
	Total Equity / Net Position		<u>1,876,816</u>
	Total Liabilities, Deferred Inflow of Resources, and Equity		<u>\$ 2,253,425</u>

TWIN FALLS HOUSING AUTHORITY
Twin Falls, Idaho
HUD Project No. SF-184
Financial Data Schedule
Statement of Activities Data
for the year ended December 31, 2018

Acct. No.			
	Revenues:		
70300	Dwelling Rental	\$	640,037
70400	Tenant Revenue - Other		13,849
70600	HUD PHA Operating Grants		316,039
70610	Capital Grants		184,580
71100	Investment Income		7,089
71500	Other Revenue		
71600	Gain on Sale of Capital Assets		
			<hr/>
	Total Revenues		\$ 1,161,594
	Operating Expenses:		
	Administration		
91100	Administrative Salaries		126,279
91200	Audit Fees		7,400
91500	Employee Benefit Contributions - Administrative		75,755
91600	Office Expense		57,919
91800	Travel		6,011
91900	Other General Expense		
	Tenant Services		
92200	Relocation Costs		460
	Utilities		
93100	Water		41,204
93200	Electricity		39,385
93300	Gas		32,312
93600	Sewer		44,239
	Ordinary Maintenance and Operation		
94100	Labor		142,300
94200	Materials		67,844
94300	Contract Costs		134,597
94500	Employee Benefit Contributions - Maintenance		52,618
	General Expenses		
96110	Insurance		19,330
96130	Workmen's Compensation		10,456
96300	Payment in Lieu of Taxes		48,455
	Other Expenses		
97400	Depreciation		181,431
10070	Extraordinary Items, Net (Gain)/Loss		<u>(20,293)</u>
	Total Operating Expenses		<u>1,067,702</u>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses		<u>\$ 93,892</u>

TWIN FALLS HOUSING AUTHORITY
Twin Falls, Idaho
HUD Project No. SF-184
for the year ended December 31, 2018

SCHEDULE OF CHANGES IN FIXED ASSETS ACCOUNTS

	<u>Begin</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Land	99,631			\$ 99,631
Buildings	7,812,158	160,269		7,972,427
Furnishings and Fixtures	343,135	10,997		354,132
Equipment	<u>314,873</u>	<u>35,870</u>	<u>13,684</u>	<u>337,059</u>
Total	<u>8,569,797</u>	<u>207,136</u>	<u>13,684</u>	8,763,249
Accumulated Depreciation	<u>(7,176,713)</u>	<u>(181,431)</u>	<u>13,683</u>	<u>(7,344,461)</u>
Net Book Value	<u>1,393,084</u>			\$ <u>1,418,788</u>

TWIN FALLS HOUSING AUTHORITY
Twin Falls, Idaho
HUD Project No. SF-184
Statement of Revenues and Expenses - Budgeted to Actual
for the year ended December 31, 2018

	Budget 2018	Actual 2018
Revenues:		
Dwelling Rental	\$ 625,000	\$ 640,037
Tenant Revenue - Other	13,300	13,849
HUD PHA Operating Grants & Capital Grant Soft Costs	230,000	316,039
Capital Grants	240,000	184,580
Investment Income	3,250	7,089
Other Revenue	8,750	0
Gain on Sale of Capital Assets		0
	<hr/>	<hr/>
Total Revenues	1,120,300	1,161,594
Operating Expenses:		
Administration		
Administrative Salaries	195,000	126,279
Legal and Audit Fees	7,500	7,400
Employee Benefit Contributions - Administrative	74,410	75,755
Office Expense	43,250	57,919
Travel	10,500	6,011
Other General Expenses	0	0
Tenant Services		
Relocation Costs	1,000	460
Utilities		
Water	41,000	41,204
Electricity	43,000	39,385
Gas	39,000	32,312
Sewer	41,500	44,239
Ordinary Maintenance and Operation		
Labor	201,400	142,300
Materials	60,000	67,844
Contract Costs	95,450	134,597
Employee Benefit Contributions - Maintenance	73,500	52,618
General Expenses		
Insurance	20,000	19,330
Workman's Compensation	13,000	10,456
Compensated Absences	2,000	
Payment in Lieu of Taxes	48,000	48,455
Bad Debt - Tenant Rents	6,000	
Other Expenses		
Extraordinary Maintenance	50,750	
	<hr/>	<hr/>
Total Expenses	1,066,260	906,564
Excess (Deficiency) of Operating Revenue Over (Under)		
Expenses before Depreciation and Extraordinary Items	54,040	255,030
Depreciation	190,000	181,431
Extraordinary Items, Net (Gain)/Loss		(20,293)
	<hr/>	<hr/>
Excess (Deficiency) of Operating Revenue Over (Under) Expenses after Depreciation	\$ (135,960)	\$ 93,892

TWIN FALLS HOUSING AUTHORITY
Twin Falls Idaho
HUD Project No. SF-184
Schedule of Expenditures of Federal Awards
for the year ended December 31, 2018

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures During Audit Period	Totals
U.S. Department of Housing and Urban Development			
Low-Income Housing Assistance Program			
U.S. Department of Housing and Urban Development			
Capital Funding 2016	14.872	\$ 106,961	
Capital Funding 2017	14.872	159,662	
Capital Funding 2018	14.872	0	
Operating Subsidy 2018	14.850a	<u>233,996</u>	
Total			\$ <u>500,619</u>
Total All Programs			\$ <u><u>500,619</u></u>

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Twin Falls Housing Authority. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Twin Falls Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - DE MINIMIS INDIRECT COST RATE

The Twin Falls Housing Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The examination of the records of the Twin Falls Housing Authority for the year ended December 31, 2017 revealed no areas of comments, findings or questioned costs.

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The examination of the records of the Twin Falls Housing Authority for the year ended December 31, 2018 revealed no areas of comments, findings or questioned costs.

**TWIN FALLS HOUSING AUTHORITY
PUBLIC EMPLOYEE PENSION INFORMATION
For the year ended December 31, 2018**

Required Supplementary Information

**Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's portion of the net pension liability	.0132894%	.0140072%	.0134123%	.0137728%
Employer's proportionate share of the net pension liability	\$ 196,021	\$ 220,069	\$ 271,888	\$ 181,365
Employer's covered-employee payroll	434,326	425,885	424,478	369,885
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	45.13%	51.67%	64.05%	49.03%
Plan fiduciary net position as a percentage of the total pension liability	6058.95%	4637.08%	663.66%	1038.76%

* GASB Statement No. 68 required ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Data reported is measured as of June 30, 2018

**Schedule of Employer's Contributions
PERSI - Base Plan
Last 10 - Fiscal Years***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 49,166	\$ 48,210	\$ 48,045	\$ 41,871
Contributions in relation to the statutorily required contribution	(49,166)	(48,210)	(48,045)	(41,871)
Contribution (deficiency) excess	0	0	0	0
Employer's covered-employee payroll	434,326	425,885	424,478	369,885
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%	11.32%

WORKMAN & COMPANY

Office of
Accounting

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INDEPENDENT AUDITOR'S 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

July 30, 2019

To the Board of Commissioners
Twin Falls Housing Authority
Twin Falls, Idaho

We have audited, in accordance with the 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, the financial statements of the Twin Falls Housing Authority (PHA), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Twin Falls Housing Authority's basic financial statements, and have issued our report thereon dated July 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PHA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the PHA's internal control. Accordingly, we do not express an opinion on the effectiveness of the PHA's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the PHA's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the PHA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PHA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the PHA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Certified Public Accountants
Twin Falls, Idaho



