

**HOUSING AUTHORITY
OF THE CITY OF LANCASTER**

YEAR ENDED SEPTEMBER 30, 2010

Housing Authority of the City of Lancaster

Financial Statements with Supplementary Information

Year Ended September 30, 2010

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Housing Authority of the City of Lancaster

Financial Statements with Supplementary Information

Year Ended September 30, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
**Housing Authority of the
City of Lancaster**
Lancaster, Pennsylvania

We have audited the accompanying statement of net assets of the **Housing Authority of the City of Lancaster** as of September 30, 2010, and the related statements of revenues, expenses, and change in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the **Housing Authority of the City of Lancaster'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 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 the **Housing Authority of the City of Lancaster** as of September 30, 2010, and the change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 18, 2011, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the **Housing Authority of the City of Lancaster**. The accompanying financial data schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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. The 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

June 13, 2011
Lancaster, Pennsylvania

Trout, Ebersole & Groff, LLP

TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

Housing Authority of the City of Lancaster

MANAGEMENT'S DISCUSSION and ANALYSIS

Year Ended September 30, 2010

Management's Discussion and Analysis

The mission of the **Lancaster City Housing Authority** (LCHA) is to improve the quality of life consistent with local, commonwealth, and federal statutes by providing decent, safe, and sanitary housing for low and moderate income individuals and families, retired persons, and the handicapped; recognizing the residents as our ultimate customer; fostering an increased supply of quality housing affordable to low and moderate income residents throughout Lancaster County; fostering development, ownership, and successful management of housing; taking a comprehensive approach that goes beyond bricks and mortar, to build links to social service and economic development organizations, and to assist neighborhood residents and community organizations in creating successful neighborhoods; administering rental assistance and related programs which allow people to afford and access the widest range of housing opportunities; providing support and referral services which enable families and individuals to comprehensively address their housing and social service needs and to become increasingly self-sufficient.

As management of the **Lancaster City Housing Authority**, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, **Lancaster City Housing Authority**.

Financial Highlights

- The assets of the Authority exceeded its liabilities as of September 30, 2010 by \$11,022,131 (net assets).
- The Authority's unrestricted cash balance as of September 30, 2010 was \$1,831,500 representing an increase of \$569,163 from the prior year. This change was due primarily to the increase in subsidy appropriations; along with the use of the capital fund program to supplement operations.
- The Authority had \$1,429,094 in Tenant Revenue, \$8,350,904 in HUD PHA Operating Grants, \$1,484,117 of HUD Capital Grants, and \$3,985 in Unrestricted-Investment Income for the year ended September 30, 2010.

Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets - reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term debt obligations.
- Statement of Revenues, Expenses, and Change in Net Assets - reports the Authority's operating and non-operating revenues by major source along with operating and non-operating expenses and capital contributions.
- Statement of Cash Flows - reports cash flows from operating, financing, and investing activities.

The most important question asked about the Authority's finances is, "Is the Authority as a whole better or worse off as a result of the year's activities?"

Housing Authority of the City of Lancaster

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended September 30, 2010

Overview of the Financial Statements (Continued)

The attached analysis of net assets, revenues, and expenses is provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenues and expenses when earned and incurred regardless of when cash is received or paid.

Our analysis also presents the Authority's net assets and changes in them. You can think of the Authority's net assets as the difference between what the Authority owns (assets) to what the Authority owes (liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of the Authority.

Over time, significant changes in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Authority the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD-mandated program administrative changes, and the physical condition of the Authority's capital assets.

Economic Factors and Next Year's Budgets

The following factors were considered in preparing the Authority's budget for the fiscal year ending September 30, 2011:

1. The uncertainty of a reduction of HUD funded subsidies.
2. The funding of the Housing Choice Voucher program for 2011 was based on 2010 activity. The Housing Authority anticipates being able to house approximately 945 families based on appropriated Housing Assistance Payment funding.
3. The LCHA's 115 Tenant Protection vouchers converted to normal vouchers in December 2010.
4. The Housing Authority continues to take steps and measures to keep costs under control and will utilize the Capital Fund grants to supplement operations. In the event of extraordinary and other unanticipated costs, the Authority's Unrestricted Net Assets appear sufficient to cover any shortfall.

Analysis of Net Assets (Statement of Net Assets)

Total Assets for the year ended September 30, 2009 and 2010 were \$10,430,622 and \$12,294,942, respectively. This represents a net increase of \$1,864,320 over the prior year.

Current Assets increased by \$1,492,819 from the prior year. This increase is primarily due to increased revenue from subsidy appropriation; along with, Capital Fund and ARRA operational fees. In addition the Account Receivable due from HUD for grant projects was much higher than in the prior year.

Housing Authority of the City of Lancaster

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended September 30, 2010

Analysis of Net Assets (Statement of Net Assets) (Continued)

Current liabilities increased from \$472,511 for the year ended September 30, 2009 as compared to \$908,261 for the year ended September 30, 2010. This was an increase of \$435,750. This increase is the net result of higher accrued liabilities at year end for capital grant projects. Noncurrent Liabilities increased by \$26,178 due to a raised level of accrued compensated absences.

The following table illustrates our analysis:

	2010	2009	Variance
Cash and Cash Equivalents	3,022,426	1,932,180	1,090,246
Other Assets	740,278	337,705	402,573
Capital Assets	8,532,238	8,160,737	371,501
Total Assets	12,294,942	10,430,622	1,864,320
Current Liabilities	908,261	472,511	435,750
Noncurrent Liabilities	364,550	338,372	26,178
Total Liabilities	1,272,811	810,883	461,928
Invested in Capital Assets	8,532,238	8,160,737	371,501
Restricted Net Assets	926,190	398,706	527,484
Unrestricted Net Assets	1,563,703	1,060,296	503,407
Total Equity/Net Assets	11,022,131	9,619,739	1,402,392
Total Liabilities and Equity/Net Assets	12,294,942	10,430,622	1,864,320

Net Capital Assets increased by \$371,501 from the prior year. The following table illustrates our analysis:

	2010	2009	Variance
Land	350,012	350,012	-
Infrastructure	571,034	571,034	-
Buildings and Improvements	35,000,602	35,000,602	-
Furniture, Equipment, and Machinery	522,558	522,558	-
Work In Progress	1,671,897	187,780	1,484,117
	38,116,103	36,631,986	1,484,117
Less: Accumulated Depreciation	29,583,865	28,471,249	1,112,616
Net Capital Assets	8,532,238	8,160,737	371,501

Housing Authority of the City of Lancaster

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended September 30, 2010

Analysis of Net Assets (Statement of Net Assets) (Continued)

Land and Infrastructure did not change from the prior year.

Buildings and Improvements did not change from the prior year.

Furniture, Equipment, and Machinery remained the same.

Work in Process increased for capital projects undertaken under the Capital Fund and ARRA grants. Current fiscal year costs were incurred for improvements to the electrical, plumbing, and mechanical systems, elevator improvements and window replacements at Church Street Towers, and architect and engineering fees under contract but not completed during the fiscal year.

Accumulated depreciation increased due to fiscal year depreciation expense.

Analysis of Revenues (Statement of Revenues, Expenses, and Change in Net Assets)

The Authority administers the following programs and the revenues generated from these programs for the year ended 2010 were as follows:

Central Office Cost Center	8,741
Low Rent Public Housing (AMPs)	3,131,967
Section 8 Rental Voucher	6,486,897
Capital Fund Program	924,680
Formula Capital Fund Stimulus Grant	933,285
Business Activities	1,377
Shelter Plus Care	90,796
Total Revenues	11,577,743

Total revenues for the years ended September 30, 2010 and 2009 were \$11,577,743 and \$8,827,458, respectively. The change from 2009 to 2010 is due primarily to additional HUD subsidies and more capital fund activity than in the prior fiscal year.

Total tenant revenue increased by \$72,565 as a result of maintained consistent leasing and better collection of rent in comparison with the previous fiscal year.

Analysis of Expenses (Statement of Revenues, Expenses, and Change in Net Assets)

Total Expenses increased by \$302,717 for the year ended September 30, 2010 as compared to the year ended September 30, 2009.

The variance in Administrative expense reflects an increase in benefits and more training for new staff, specifically in the Section 8 department.

Housing Authority of the City of Lancaster

MANAGEMENT'S DISCUSSION and ANALYSIS

(Continued)

Year Ended September 30, 2010

Analysis of Expenses (Statement of Revenues, Expenses, and Change in Net Assets) (Continued)

Tenant Service expenditures increased by \$2,270 as compared to the year ended September 30, 2009. The increase can be accounted for as inflationary.

Utilities expenditures increased by \$45,775 as compared to the year ended September 30, 2009. Rate increases were seen in water and sewer; along with, an increase in electric consumption.

Maintenance expenditures increased by \$125,563, due to a variety of items ranging from higher benefit costs, wage increases, and additional contract costs for minor improvements and extraordinary maintenance expenses incurred.

Protective Services costs decreased from the prior year.

General Expense decreased by \$25,193. This is due to lower insurance premiums.

Housing Assistance Payments (HAP) increased due to an increase in the rental assistance paid to landlords resulting from a decrease in the tenant's portion of rent.

The decrease in Depreciation Expense is due to a decrease in the amount of capitalized cost being depreciated.

The following table illustrates our analysis:

	2010	2009	Variance
Revenue:			
Tenant Revenue	1,429,094	1,356,529	72,565
HUD PHA Grants	9,835,021	7,386,578	2,448,443
Investment Income	6,190	14,144	(7,954)
Other Revenue	307,438	70,207	237,231
Total Revenue	11,577,743	8,827,458	2,750,285
Expenses:			
Administrative	1,402,044	1,364,414	37,630
Tenant Services	118,260	115,990	2,270
Utilities	612,161	566,386	45,775
Maintenance, including			-
Extraordinary	1,183,911	1,058,348	125,563
Protective Services	4,500	7,500	(3,000)
General Expense, including			-
Insurance	417,168	442,361	(25,193)
Housing Assistance Payments	5,324,691	5,193,549	131,142
Depreciation Expense	1,112,616	1,124,086	(11,470)
Total Expenses	10,175,351	9,872,634	302,717
Change in Net Assets	1,402,392	(1,045,176)	2,447,568

Housing Authority of the City of Lancaster

STATEMENT of NET ASSETS

September 30, 2010

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents - Unrestricted	\$ 1,831,500
Cash and Cash Equivalents - Restricted	1,190,926
Intergovernmental Receivables - HUD	549,356
Intergovernmental Receivables - Other	1,193
Tenant Receivables, less Allowance for Doubtful Accounts of \$8,186	2,746
Other Receivables	9,290
Prepaid Expenses	89,063
Inventories	88,630
Total Current Assets	3,762,704

CAPITAL ASSETS

Land	350,012
Infrastructure	571,034
Buildings and Improvements	35,000,602
Furniture, Equipment, and Machinery	522,558
Work in Progress	1,671,897
	38,116,103
Accumulated Depreciation	(29,583,865)
Net Capital Assets	8,532,238
TOTAL ASSETS	12,294,942

LIABILITIES and NET ASSETS

CURRENT LIABILITIES

Accounts Payable	461,317
Housing Assistance Payments Payable	3,451
Accrued Wages and Payroll Taxes	94,674
Payment in Lieu of Taxes Payable	73,560
Tenant Security Deposits	158,831
Deferred Revenues	2,354
Retainage Payable	114,074
Total Current Liabilities	908,261

NONCURRENT LIABILITIES

Family Self-Sufficiency Escrows	25,572
Family Self-Sufficiency Tuition Assistance Deferred Revenue	87,343
Compensated Absences	251,635
Total Noncurrent Liabilities	364,550

TOTAL LIABILITIES

1,272,811

NET ASSETS

Invested in Capital Assets, net of Related Debt	8,532,238
Restricted Net Assets	926,190
Unrestricted Net Assets	1,563,703
Total Net Assets	11,022,131

TOTAL LIABILITIES and NET ASSETS

\$ 12,294,942

See notes to financial statements.

Housing Authority of the City of Lancaster
 STATEMENT of REVENUES, EXPENSES, and CHANGE in NET ASSETS
 Year Ended September 30, 2010

OPERATING INCOME

Tenant Dwelling Rental	\$ 1,329,749
Other Tenant Rental	<u>99,345</u>
Total Tenant Income	1,429,094
HUD Grants - Noncapital	8,350,904
Other Income	<u>307,438</u>
Total Operating Income	10,087,436

OPERATING EXPENSES

Administration	1,402,044
Tenant Services	118,260
Utilities	612,161
Ordinary Maintenance and Operation	1,175,852
Protective Services	4,500
General Expenses	417,168
Extraordinary Maintenance	8,059
Housing Assistance and Portability Payments	5,324,691
Depreciation Expense	<u>1,112,616</u>
Total Operating Expenses	<u>10,175,351</u>

NET OPERATING LOSS (87,915)

NONOPERATING REVENUES (EXPENSES)

HUD Grants - Capital Outlays	1,484,117
Investment Income	<u>6,190</u>
Total Nonoperating Revenues	<u>1,490,307</u>

CHANGE in NET ASSETS 1,402,392

NET ASSETS

Beginning	<u>9,619,739</u>
Ending	<u>\$ 11,022,131</u>

See notes to financial statements.

Housing Authority of the City of Lancaster

STATEMENT of CASH FLOWS

Year Ended September 30, 2010

CASH FLOWS from OPERATING ACTIVITIES

Cash Received from Tenants	\$ 1,427,784
Cash Received from HUD	8,350,904
Cash Received from Other Operating Sources	329,526
Cash Payments to Employees for Services	(2,145,147)
Cash Payments to Suppliers for Goods and Services	(1,059,525)
Cash Payments to Suppliers for Housing Assistance Payments	(5,321,240)
Cash Payments for Payments in Lieu of Taxes	(71,472)

Net Cash Provided by Operating Activities **1,510,830**

CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES

Grant Receipts from HUD	1,057,343
Purchase of Property and Equipment	(1,484,117)

Net Cash Used by Capital and Related Financing Activities **(426,774)**

CASH FLOWS from INVESTING ACTIVITIES

Earnings on Investments	<u>6,190</u>
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INCREASE in CASH and CASH EQUIVALENTS **1,090,246**

CASH and CASH EQUIVALENTS

Beginning	<u>1,932,180</u>
Ending	<u>3,022,426</u>

RECONCILIATION of NET OPERATING LOSS to NET CASH PROVIDED by OPERATING ACTIVITIES

Operating Loss	(87,915)
Adjustments to Reconcile Operating Loss to Net	
Cash Provided by Operating Activities:	
Depreciation	1,112,616
(Increase) Decrease in:	
Intergovernmental Receivables	(120)
Tenant Receivables	147
Other Receivables	22,208
Prepaid Expenses	5,629
Inventories	(3,663)
Increase (Decrease) in:	
Accounts Payable	322,273
Housing Assistance Payments Payable	3,451
Accrued Wages and Payroll Taxes	10,141
Accrued Compensated Absences	11,358
Payment in Lieu of Taxes Payable	2,088
Tenant Security Deposits	8,587
Deferred Revenue	434
Retainage Payable	114,074
Family Self-Sufficiency Escrow	(10,457)
Family Self-Sufficiency Tuition Assistance Deferred Revenue	(21)

Total Adjustments **1,598,745**

Net Cash Provided by Operating Activities **\$ 1,510,830**

See notes to financial statements.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Introduction

The **Housing Authority of the City of Lancaster**, referred to as the “Authority,” was established for the purpose of engaging in the development, acquisition, and administrative activities of low-income housing programs and other programs with similar objectives.

The United States Department of Housing and Urban Development (HUD) has direct responsibility for administering the low-income housing programs under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to provide funding to assist the local housing authorities in financing the acquisition, construction and/or leasing of housing units and to make annual contributions (subsidies) to the local housing authorities for the purpose of maintaining the low-rent character of the local housing programs.

Reporting Entity

Consistent with guidance contained in Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, the criteria used by the Authority to evaluate the possible inclusion of related entities (authorities, boards, councils, and so forth) within its reporting entity, are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Authority reviews the applicability of the following criteria:

The Authority is financially accountable for:

1. Organizations that make up its legal entity.
2. Legally separate organizations if Authority officials appoint a voting majority of the organization’s governing body and the Authority is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Authority as defined below.

Impose its Will - If the Authority can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden - If the Authority (1) is entitled to the organization’s resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.

3. Organizations that are fiscally dependent on the Authority. Fiscal dependency is established if the organization is unable to adopt its own budget, levy taxes or set rates or charges, or issue bonded debt without the approval of the Authority.

Based on the foregoing criteria, no additional entities are included in the accompanying basic financial statements.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

The financial data schedule (FDS) listed in the table of contents is included as supplementary information. The FDS was created by HUD to standardize financial information reported by public housing authorities to HUD. This information is reported on a GAAP basis, but not necessarily in the format of the basic financial statements. On September 19, 2005, HUD published a final rule entitled *Revisions to the Public Housing Operating Fund Program* requiring public housing authorities with 250 units or more to convert to asset management. For public housing authorities with fiscal years ending September 30, this rule was effective for the year ended September 30, 2008. This rule requires public housing authorities to prepare the FDS to report financial performance at the asset management project (AMP) level and therefore includes the following: a column for the central office cost center (COCC) which is the business unit within the Authority that earns fee income and generates other business activity; columns for each AMP; operating funds and capital fund activity combined at the AMP level; an eliminations column to allow for the elimination of revenue and expenses between AMP's and the COCC which will enable the total of all FDS columns to reconcile with the basic financial statements.

A summary of each of the programs administered by the Authority included in the financial statements is provided below to assist the reader in interpreting the financial statements. These programs constitute all programs subsidized by HUD and operated by the Authority.

Public Housing Agency Owned Housing Program

The public housing agency owned housing program is designed to provide low-cost housing within the city of Lancaster. Funding is provided by subsidies from HUD as well as from monthly rents charged to eligible residents based on family size, family income, and other determinants. On the financial data schedule, this program is recorded on the asset management project level.

Public Housing Capital Fund Program

The public housing capital fund program utilizes grants from HUD for capital and management activities, including modernization and development of public housing. On the financial data schedule, this program is combined with the operating fund at the asset management project level.

Capital Fund Stimulus Grant

The capital fund stimulus grant is funded in accordance with the American Recovery and Reinvestment Act (ARRA). It provides capital funds to carry out capital and management activities for public housing agencies.

Shelter Plus Care Program

The shelter plus care program provides rental assistance to homeless persons with disabilities and their families.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Section 8 Housing Assistance Payments Programs

The Authority administers programs of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contributed by a participating family. Funding for this program is provided by grants from HUD.

Business Activities Program

This program accounts for amounts allocated from state grant programs and excess operating reserves from Section 8 in prior years.

Basis of Accounting

The Authority operates as a proprietary fund type (enterprise fund) and uses the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded as liabilities when incurred, regardless of the timing of the related cash flows. Net assets (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net assets.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are tenant income, HUD grants, and other operating income. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Authority receives value without directly giving equal value in return, includes grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which resources are provided to the Authority on a reimbursement basis.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements

In accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the financial statements include a Management's Discussion and Analysis (MD&A) section which provides an analysis of the Authority's overall financial position and results of operations.

Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. For the Authority, the basic financial statements and required supplementary information consists of:

- Management's Discussion and Analysis
- Enterprise Fund Financial Statements
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Change in Net Assets
 - Statement of Cash Flows
 - Notes to Financial Statements

Budgets

Budgets are not legally adopted or legally required for financial statement preparation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Authority considers all certificates of deposit and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventory

The Authority's inventory is comprised of maintenance materials and supplies. Inventory is valued at cost and the Authority uses the first-in/first-out (FIFO) flow assumption in determining cost.

The consumption method is used to record inventory. Under this method, the acquisition of materials and supplies is recorded initially in inventory accounts and charged as expenditures when used.

Prepaid Assets

Payments made to vendors for services that will benefit periods beyond September 30, 2010, are recorded as prepaid items.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interprogram Receivables and Payables

Interprogram receivables and payables arise from interprogram transactions and are recorded by all programs affected in the period in which transactions are executed. The interprogram receivables and payables have been eliminated in the preparation of the basic financial statements.

Restricted Assets

Certain assets are classified as restricted because their use is restricted for tenant security deposits held in trust, family self-sufficiency program escrows, the family self-sufficiency tuition assistance program, Section 8 housing assistance payments or the purchase of low income housing property. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets and Depreciation

The Authority's property, plant, and equipment with useful lives of more than one year are stated at historical cost (or estimated historical cost) and comprehensively reported in the basic financial statements. Donated assets are stated at fair value on the date donated. The Authority generally capitalizes assets with a cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations. Estimated historical costs of capital assets were derived, when information supporting historical costs was not obtainable, by adjusting current replacement cost back to the estimated year of acquisition. Estimated useful lives, in years, for depreciable assets are generally as follows:

Infrastructure	20 Years
Buildings and Improvements	15 - 40 Years
Furniture, Equipment, and Machinery	3 - 10 Years

Compensated Absences

The Authority accrues vacation and sick leave as a liability as the benefits are earned by the employees if it is probable that the employer will compensate the employees for the benefits through time off or some other means. Additional amounts are accrued for salary-related payments associated with the payment of compensated absences using rates in effect at the balance sheet date. The Authority has accrued the employer's share of social security, Medicare taxes, and pension costs.

Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, reduced by accumulated depreciation and by any outstanding debt related to the acquisition, construction or improvement of those assets. Restricted net assets are restricted for Section 8 housing assistance payments and for the purchase of low income housing property.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS

Cash and Cash Equivalents - Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a policy for custodial credit risk. As of September 30, 2010, \$2,841,692 of the Authority's bank balance of \$3,091,692 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	64,160
Collateralized with Securities Held by the Pledging Financial Institution	-0-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not Held in the Authority's Name	<u>2,777,532</u>
	2,841,692

Reconciliation of Cash and Cash Equivalents to the financial statements:

Uninsured Amount Above	2,841,692
Insured Amount	<u>250,000</u>
Bank Balance	3,091,692
Outstanding Checks	(71,170)
Deposits in Transit	<u>1,704</u>
Carrying Amount - Bank Balances	3,022,226
Petty Cash	<u>200</u>
Total Cash and Cash Equivalents per Financial Statements	3,022,426

Investments

During the fiscal year, the Authority invested in overnight repurchase agreements with underlying security consisting of Federal Home Loan Mortgage Corporation notes. There were no investments as of September 30, 2010.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Authority has no investment policy that would limit its investment choices to certain credit ratings.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Authority has no investment subject to custodial credit risk.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 3 - OTHER RECEIVABLES

Other receivables consisted of the following at September 30, 2010:

Fraud Recovery	2,438
Other Receivables	<u>6,852</u>
	9,290

NOTE 4 - CHANGES in CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010, was as follows:

	Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
Historical Cost:				
Capital Assets not Being Depreciated:				
Land	350,012	-0-	-0-	350,012
Work In Progress	<u>187,780</u>	<u>1,484,117</u>	<u>-0-</u>	<u>1,671,897</u>
Total Cost	537,792	1,484,117	-0-	2,021,909
Capital Assets Being Depreciated:				
Infrastructure	571,034	-0-	-0-	571,034
Buildings and Improvements	35,000,602	-0-	-0-	35,000,602
Furniture, Equipment, and Machinery	<u>522,558</u>	<u>-0-</u>	<u>-0-</u>	<u>522,558</u>
Total Cost	36,094,194	-0-	-0-	36,094,194
Accumulated Depreciation:				
Infrastructure	163,093	28,552	-0-	191,645
Buildings and Improvements	27,897,205	1,045,134	-0-	28,942,339
Furniture, Equipment, and Machinery	<u>410,951</u>	<u>38,930</u>	<u>-0-</u>	<u>449,881</u>
Total Accumulated Depreciation	28,471,249	1,112,616	-0-	29,583,865
Net Capital Assets Being Depreciated	<u>7,622,945</u>	(1,112,616)	-0-	<u>6,510,329</u>
Net Capital Assets	8,160,737	371,501	-0-	8,532,238

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 5 - DEFERRED REVENUES

Deferred revenues as of September 30, 2010, are as follows:

Rent Prepaid by Tenants	2,354
-------------------------	-------

NOTE 6 - COMPENSATED ABSENCES

A summary of total compensated absences as of September 30, 2010, is as follows:

Balance October 1, 2009	Additions	Deletions	Balance September 30, 2010
240,277	11,358	-0-	251,635

NOTE 7 - PENSION PLAN

The Authority sponsors a money purchase pension plan for eligible employees. To be eligible, an employee must have attained age 20 and completed one year of service with the employer. There are no restrictions based on classification of employees. The Authority contributes and allocates to the account of each eligible participant 12% of such participant's compensation in that plan year up to the maximum contribution allowed by the Internal Revenue Service. All contributions to the Plan are held in trust for the exclusive benefit of participating employees. The employer contributions that are made to the Plan are credited to separate accounts established in each participant's name. The total contribution for the fiscal year ended September 30, 2010, was \$167,970. Each participant shall acquire a vested and nonforfeitable percentage in his or her account balance attributable to employer contributions and the earnings thereon based on the following vesting schedule:

Years of Service	Vesting Percentage
1	20
2	40
3	60
4	80
5 and After	100

All employees who attain age 62 become fully vested.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 8 - DEFERRED COMPENSATION PLAN

The Authority offers its employees a 457 deferred compensation plan administered by a third party administrator. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employee or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. All plan assets are recorded at market value at September 30, 2010.

The following is a summary of the activity in the plan for the year ended September 30, 2010:

Plan Assets (at Market) - October 1, 2009	499,431
Employee Contributions	56,997
Investment Income	48,976
Withdrawals	(58,560)
Maintenance Fee	<u>(1,617)</u>
Plan Assets (at Market) - September 30, 2010	545,227

NOTE 9 - RISK MANAGEMENT

The Authority has purchased insurance to cover various risks of loss related to workers' compensation, employee health, property and liability, and errors and omissions. Settlements resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years and there has been no significant reduction in insurance coverage from the prior year.

NOTE 10 - CONTINGENT LIABILITIES

Construction Projects

The Authority is performing various improvements to buildings and related facilities. Outstanding contract commitments totaled \$639,106 at September 30, 2010.

Grant Programs

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

NOTE 11 - ECONOMIC DEPENDENCY

Both the PHA owned housing program and the Section 8 program are economically dependent on annual contributions and grants from HUD. Both programs operated at a loss prior to receiving the contributions and grants.

Housing Authority of the City of Lancaster

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 13, 2011, which represents the date the financial statements were available to be issued.

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
ASSETS:										
CURRENT ASSETS										
<u>Cash</u>										
111	Cash - unrestricted	-	1,047,001	1,047,001	-	-	-	-	-	-
112	Cash - restricted - modernization and dev	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	-	-	-	-	-	-	-	-
114	Cash - tenant security deposits	-	-	-	-	56,242	56,242	-	68,662	68,662
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-	-
100	Total cash	-	1,047,001	1,047,001	-	56,242	56,242	-	68,662	68,662
<u>Accounts & Notes Receivables</u>										
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects									
122.01	operating subsidy	-	-	-	-	-	-	-	-	-
122.02	capital fund	-	-	-	58,429	58,429	58,429	82,965	82,965	82,965
122.03	other	-	-	-	-	-	-	-	-	-
124	Accounts receivable - other government	-	1,193	1,193	-	-	-	-	-	-
125	Accounts receivable - miscellaneous									
125.01	not for profit	-	-	-	-	-	-	-	-	-
125.02	partnership	-	-	-	-	-	-	-	-	-
125.03	joint venture	-	-	-	-	-	-	-	-	-
125.04	tax credit	-	-	-	-	-	-	-	-	-
125.05	other	-	-	-	-	2,360	2,360	-	2,005	2,005
126	Accounts receivable- tenants - tenants	-	-	-	-	6,503	6,503	-	2,153	2,153
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(4,142)	(4,142)	-	(1,945)	(1,945)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-
127	Notes and mortgages receivable- current	-	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances	-	1,193	1,193	58,429	4,721	63,150	82,965	2,213	85,178
<u>Current investments</u>										
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-
135	Investments - restricted for pymt of current liability	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	89,063	89,063	-	-	-	-	-	-
143	Inventories	-	88,630	88,630	-	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	-	-	-	-	80,037	80,037	-	519,440	519,440
145	Assets held for sale	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	-	1,225,887	1,225,887	58,429	141,000	199,429	82,965	590,315	673,280
NON-CURRENT ASSETS										
<u>Capital Assets</u>										

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
161	Land	-		-	-	119,555	119,555	-	171,598	171,598
162	Buildings	-		-	-	12,217,008	12,217,008	3,483	12,275,404	12,278,887
163	Furniture, equipment & mach. - dwellings	-		-	-		-	-		-
164	Furniture, equipment & mach. - admin.	-	225,600	225,600	14,480	93,050	107,530	2,771	123,752	126,523
165	Leasehold improvements	-		-	-		-	-		-
166	Accumulated depreciation	-	(211,032)	(211,032)	(2,069)	(11,018,293)	(11,020,362)	(628)	(9,186,203)	(9,186,831)
167	Work-in-progress	-		-	405,582		405,582	309,937	859,358	1,169,295
168	Infrastructure	-		-	-	312,228	312,228	-	157,075	157,075
160	Total capital assets, net of accum depreciation	-	14,568	14,568	417,993	1,723,548	2,141,541	315,563	4,400,984	4,716,547
	Other Non-Current Assets									
171	Notes, loans and mortgages rec'able - non-current									
171.01	not for profit	-		-	-		-	-		-
171.02	partnership	-		-	-		-	-		-
171.03	joint venture	-		-	-		-	-		-
171.04	tax credit	-		-	-		-	-		-
171.05	other	-		-	-		-	-		-
172	Notes, loans & mort rec - non-current & past due									
172.01	not for profit	-		-	-		-	-		-
172.02	partnership	-		-	-		-	-		-
172.03	joint venture	-		-	-		-	-		-
172.04	tax credit	-		-	-		-	-		-
172.05	other	-		-	-		-	-		-
173	Grants receivable - non-current	-		-	-		-	-		-
174	Other assets									
174.01	not for profit	-		-	-		-	-		-
174.02	partnership	-		-	-		-	-		-
174.03	joint venture	-		-	-		-	-		-
174.04	tax credit	-		-	-		-	-		-
174.05	other	-		-	-		-	-		-
176	Investment in joint ventures									
176.01	not for profit	-		-	-		-	-		-
176.02	partnership	-		-	-		-	-		-
176.03	joint venture	-		-	-		-	-		-
176.04	tax credit	-		-	-		-	-		-
176.05	other	-		-	-		-	-		-
180	TOTAL NONCURRENT ASSETS	-	14,568	14,568	417,993	1,723,548	2,141,541	315,563	4,400,984	4,716,547
190	TOTAL ASSETS	-	1,240,455	1,240,455	476,422	1,864,548	2,340,970	398,528	4,991,299	5,389,827
	LIABILITIES and EQUITY									
	LIABILITIES									
	Current Liabilities									
311	Bank overdraft	-		-	-		-	-		-
312	Accounts payable ≤ 90 days	-	3,117	3,117	44,502	4,270	48,772	66,861	7,188	74,049

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
313	Accounts payable > 90 days past due	-		-	-		-		-	
321	Accrued wage/payroll taxes payable	-	38,956	38,956	-	16,031	16,031	-	20,126	20,126
322	Accrued compensated absences - current portion	-		-	-		-		-	
324	Accrued contingency liability	-		-	-		-		-	
325	Accrued interest payable	-		-	-		-		-	
331	Accounts payable - HUD PHA programs									
331.01	operating subsidy	-		-	-		-		-	
331.02	capital fund	-		-	-		-		-	
331.03	other	-		-	-		-		-	
332	Accounts Payable - PHA Projects	-		-	-		-		-	
333	Accounts payable - other government	-		-	-	16,307	16,307	-	49,893	49,893
341	Tenant security deposits	-		-	-	58,802	58,802	-	70,667	70,667
342	Deferred revenue									
342.01	operating subsidy	-		-	-		-		-	
342.02	capital fund	-		-	-		-		-	
342.03	other	-		-	-	869	869	-	1,019	1,019
343	Current portion of L-T debt - capital projects									
343.01	CFFP	-		-	-		-		-	
343.02	Capital projects / Mortgage revenue	-		-	-		-		-	
344	Current portion of L-T debt - operating borrowings	-		-	-		-		-	
345	Other current liabilities	-	4,588	4,588	11,147		11,147	14,520		14,520
346	Accrued liabilities - other	-		-	-		-		-	
347	Inter-program - due to	-	638,648	638,648	2,780		2,780	1,584		1,584
348	Loan liability - current									
348.01	not for profit	-		-	-		-		-	
348.02	partnership	-		-	-		-		-	
348.03	joint venture	-		-	-		-		-	
348.04	tax credit	-		-	-		-		-	
348.05	other	-		-	-		-		-	
310	TOTAL CURRENT LIABILITIES	-	685,309	685,309	58,429	96,279	154,708	82,965	148,893	231,858
	Non-current Liabilities									
351	Long-term debt, net of current- capital projects									
351.01	CFFP	-		-	-		-		-	
351.02	Capital projects / Mortgage revenue	-		-	-		-		-	
352	Long-term debt, net of current- operating borrowings	-		-	-		-		-	
353	Non-current liabilities- other	-		-	-		-		-	
354	Accrued compensated absences - non-current	-	110,126	110,126	-	34,430	34,430	-	72,380	72,380
355	Loan liability - non-current									
355.01	not for profit	-		-	-		-		-	
355.02	partnership	-		-	-		-		-	
355.03	joint venture	-		-	-		-		-	
355.04	tax credit	-		-	-		-		-	
355.05	other	-		-	-		-		-	

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
356	FASB 5 liabilities	-		-	-		-	-	-	-
357	Accrued pension and OPEB liabilities	-		-	-		-	-	-	-
350	TOTAL NON-CURRENT LIABILITIES	-	110,126	110,126	-	34,430	34,430	-	72,380	72,380
300	TOTAL LIABILITIES	-	795,435	795,435	58,429	130,709	189,138	82,965	221,273	304,238
	EQUITY									
508.1	Invested in capital assets, net of related debt	-	14,568	14,568	417,993	1,723,548	2,141,541	315,563	4,400,984	4,716,547
511.1	Restricted Net Assets	-		-	-		-	-		-
512.1	Unrestricted Net Assets	-	430,452	430,452	-	10,291	10,291	-	369,042	369,042
513	TOTAL EQUITY	-	445,020	445,020	417,993	1,733,839	2,151,832	315,563	4,770,026	5,085,589
600	TOTAL LIABILITIES and EQUITY/NET ASSETS	-	1,240,455	1,240,455	476,422	1,864,548	2,340,970	398,528	4,991,299	5,389,827

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	AMP 711			Formula CF Stimulus Grant [511] 14.885	SECTION 8		Business Activity - Mgmt Fund [002]	HA-Wide SubTotal	Elimination	HA-Wide TOTAL
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL		Shelter Plus Care [005] 14.238	HCV Program [008] 14.871				
	ASSETS:										
	CURRENT ASSETS										
	<u>Cash</u>										
111	Cash - unrestricted	-		-			570,360	214,139	1,831,500		1,831,500
112	Cash - restricted - modernization and dev	-		-					-		-
113	Cash - other restricted	-	64,160	64,160			974,945		1,039,105		1,039,105
114	Cash - tenant security deposits	-	26,917	26,917					151,821		151,821
115	Cash - restricted for payment of current liability	-		-					-		-
100	Total cash	-	91,077	91,077	-	-	1,545,305	214,139	3,022,426	-	3,022,426
	<u>Accounts & Notes Receivables</u>										
121	Accounts receivable - PHA projects	-		-					-		-
122	Accounts receivable - HUD other projects								-		-
122.01	operating subsidy	-		-					-		-
122.02	capital fund	12,609		12,609	395,353				549,356		549,356
122.03	other	-		-					-		-
124	Accounts receivable - other government	-		-					1,193		1,193
125	Accounts receivable - miscellaneous								-		-
125.01	not for profit	-		-					-		-
125.02	partnership	-		-					-		-
125.03	joint venture	-		-					-		-
125.04	tax credit	-		-					-		-
125.05	other	-	2,445	2,445			42		6,852		6,852
126	Accounts receivable- tenants - tenants	-	2,276	2,276					10,932		10,932
126.1	Allowance for doubtful accounts - tenants	-	(2,099)	(2,099)					(8,186)		(8,186)
126.2	Allowance for doubtful accounts - other	-	-	-					-		-
127	Notes and mortgages receivable- current								-		-
128	Fraud recovery	-		-			2,438		2,438		2,438
128.1	Allowance for doubtful accounts - fraud	-		-					-		-
129	Accrued interest receivable	-		-					-		-
120	Total receivables, net of allowances	12,609	2,622	15,231	395,353	-	2,480	-	562,585	-	562,585
	<u>Current investments</u>										
131	Investments - unrestricted	-		-					-		-
132	Investments - restricted	-		-					-		-
135	Investments - restricted for pymt of current liability	-		-					-		-
142	Prepaid expenses and other assets	-		-					89,063		89,063
143	Inventories	-		-					88,630		88,630
143.1	Allowance for obsolete inventories	-		-					-		-
144	Inter-program - due from	-	111,414	111,414				3,017	713,908	(713,908)	-
145	Assets held for sale	-		-					-		-
150	TOTAL CURRENT ASSETS	12,609	205,113	217,722	395,353	-	1,547,785	217,156	4,476,612	(713,908)	3,762,704
	NON-CURRENT ASSETS										
	<u>Capital Assets</u>										

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	AMP 711			Formula CF Stimulus Grant [511] 14.885	SECTION 8			HA-Wide SubTotal	Elimination	HA-Wide TOTAL
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL		Shelter Plus Care [005] 14.238	HCV Program [008] 14.871	Business Activity - Mgmt Fund [002]			
161	Land	-	58,859	58,859				350,012		350,012	
162	Buildings	-	10,266,970	10,266,970			187,737	50,000	35,000,602	35,000,602	
163	Furniture, equipment & mach. - dwellings	-		-					-	-	
164	Furniture, equipment & mach. - admin.	-	18,922	18,922			43,983		522,558	522,558	
165	Leasehold improvements	-		-					-	-	
166	Accumulated depreciation	-	(9,057,990)	(9,057,990)			(92,640)	(15,010)	(29,583,865)	(29,583,865)	
167	Work-in-progress	97,020		97,020	-				1,671,897	1,671,897	
168	Infrastructure	-	101,731	101,731					571,034	571,034	
160	Total capital assets, net of accum depreciation	97,020	1,388,492	1,485,512	-	-	139,080	34,990	8,532,238	-	8,532,238
	Other Non-Current Assets										
171	Notes, loans and mortgages rec'able - non-current										
171.01	not for profit	-		-					-	-	-
171.02	partnership	-		-					-	-	-
171.03	joint venture	-		-					-	-	-
171.04	tax credit	-		-					-	-	-
171.05	other	-		-					-	-	-
172	Notes, loans & mort rec - non-current & past due										
172.01	not for profit	-		-					-	-	-
172.02	partnership	-		-					-	-	-
172.03	joint venture	-		-					-	-	-
172.04	tax credit	-		-					-	-	-
172.05	other	-		-					-	-	-
173	Grants receivable - non-current	-		-					-	-	-
174	Other assets										
174.01	not for profit	-		-					-	-	-
174.02	partnership	-		-					-	-	-
174.03	joint venture	-		-					-	-	-
174.04	tax credit	-		-					-	-	-
174.05	other	-		-					-	-	-
176	Investment in joint ventures										
176.01	not for profit	-		-					-	-	-
176.02	partnership	-		-					-	-	-
176.03	joint venture	-		-					-	-	-
176.04	tax credit	-		-					-	-	-
176.05	other	-		-					-	-	-
180	TOTAL NONCURRENT ASSETS	97,020	1,388,492	1,485,512	-	-	139,080	34,990	8,532,238	-	8,532,238
190	TOTAL ASSETS	109,629	1,593,605	1,703,234	395,353	-	1,686,865	252,146	13,008,850	(713,908)	12,294,942
	LIABILITIES and EQUITY										
	LIABILITIES										
	Current Liabilities										
311	Bank overdraft	-		-					-	-	-
312	Accounts payable ≤ 90 days	10,053	1,680	11,733	313,199		10,447		461,317		461,317

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	AMP 711			Formula CF Stimulus Grant [511] 14.885	SECTION 8		Business Activity - Mgmt Fund [002]	HA-Wide SubTotal	Elimination	HA-Wide TOTAL
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL		Shelter Plus Care [005] 14.238	HCV Program [008] 14.871				
313	Accounts payable > 90 days past due	-		-				-			-
321	Accrued wage/payroll taxes payable	-	7,142	7,142			12,419	94,674			94,674
322	Accrued compensated absences - current portion	-		-			-	-			-
324	Accrued contingency liability	-		-				-			-
325	Accrued interest payable	-		-				-			-
331	Accounts payable - HUD PHA programs							-			-
331.01	operating subsidy	-		-				-			-
331.02	capital fund	-		-				-			-
331.03	other	-		-				-			-
332	Accounts Payable - PHA Projects	-		-				-			-
333	Accounts payable - other government	-	7,360	7,360				73,560			73,560
341	Tenant security deposits	-	29,362	29,362				158,831			158,831
342	Deferred revenue							-			-
342.01	operating subsidy	-		-				-			-
342.02	capital fund	-		-				-			-
342.03	other	-	466	466				2,354			2,354
343	Current portion of L-T debt - capital projects							-			-
343.01	CFFP	-		-				-			-
343.02	Capital projects / Mortgage revenue	-		-				-			-
344	Current portion of L-T debt - operating borrowings	-		-				-			-
345	Other current liabilities	1,665		1,665	82,154			114,074			114,074
346	Accrued liabilities - other	-		-			3,451	3,451			3,451
347	Inter-program - due to	891		891			70,005	713,908	(713,908)		-
348	Loan liability - current							-			-
348.01	not for profit	-		-				-			-
348.02	partnership	-		-				-			-
348.03	joint venture	-		-				-			-
348.04	tax credit	-		-				-			-
348.05	other	-		-				-			-
310	TOTAL CURRENT LIABILITIES	12,609	46,010	58,619	395,353	-	96,322	-	1,622,169	(713,908)	908,261
	Non-current Liabilities										
351	Long-term debt, net of current- capital projects										
351.01	CFFP	-		-				-			-
351.02	Capital projects / Mortgage revenue	-		-				-			-
352	Long-term debt, net of current- operating borrowings	-		-				-			-
353	Non-current liabilities- other	-		-			112,915	112,915			112,915
354	Accrued compensated absences - non-current	-	17,136	17,136			17,563	251,635			251,635
355	Loan liability - non-current							-			-
355.01	not for profit	-		-				-			-
355.02	partnership	-		-				-			-
355.03	joint venture	-		-				-			-
355.04	tax credit	-		-				-			-
355.05	other	-		-				-			-

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	AMP 711			Formula CF Stimulus Grant [511] 14.885	SECTION 8			Business Activity - Mgmt Fund [002]	HA-Wide SubTotal	Elimination	HA-Wide TOTAL
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL		Shelter Plus Care [005] 14.238	HCV Program [008] 14.871					
356	FASB 5 liabilities	-		-								-
357	Accrued pension and OPEB liabilities	-		-								-
350	TOTAL NON-CURRENT LIABILITIES	-	17,136	17,136	-	-	130,478	-	364,550		-	364,550
300	TOTAL LIABILITIES	12,609	63,146	75,755	395,353	-	226,800	-	1,986,719	(713,908)		1,272,811
	EQUITY											
508.1	Invested in capital assets, net of related debt	97,020	1,388,492	1,485,512			139,080	34,990	8,532,238			8,532,238
511.1	Restricted Net Assets	-	64,160	64,160			862,030		926,190			926,190
512.1	Unrestricted Net Assets	-	77,807	77,807			458,955	217,156	1,563,703			1,563,703
513	TOTAL EQUITY	97,020	1,530,459	1,627,479	-	-	1,460,065	252,146	11,022,131		-	11,022,131
600	TOTAL LIABILITIES and EQUITY/NET ASSETS	109,629	1,593,605	1,703,234	395,353	-	1,686,865	252,146	13,008,850	(713,908)		12,294,942

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
REVENUE										
70300	Net tenant rental revenue	-	-	-	-	399,868	399,868	-	801,017	801,017
70400	Tenant revenue - other	-	-	-	-	15,392	15,392	-	72,036	72,036
70500	Total tenant revenue	-	-	-	-	415,260	415,260	-	873,053	873,053
70600	HUD PHA operating grants	-	-	-	122,933	679,689	802,622	76,933	526,476	603,409
70600.01	S8 - housing assistance payments	-	-	-	-	-	-	-	-	-
70600.02	S8 - ongoing administrative fees earned	-	-	-	-	-	-	-	-	-
70600.03	S8 - hard to house fee revenue	-	-	-	-	-	-	-	-	-
70600.04	S8 - FSS coordinator	-	-	-	-	-	-	-	-	-
70600.05	S8 - actual IPA audit costs	-	-	-	-	-	-	-	-	-
70600.06	S8 - all other fees	-	-	-	-	-	-	-	-	-
70700	Total HUD PHA operating grants	-	-	-	122,933	679,689	802,622	76,933	526,476	603,409
70610	Capital grants	-	-	-	310,947	-	310,947	274,345	-	274,345
70710	Management fee	-	639,061	639,061	-	-	-	-	-	-
70720	Asset management fee	-	32,400	32,400	-	-	-	-	-	-
70730	Bookkeeping fee	-	128,459	128,459	-	-	-	-	-	-
70740	Front line service fee	-	14,600	14,600	-	-	-	-	-	-
70750	Other fees	-	6,508	6,508	-	-	-	-	-	-
70700	Total fee revenue	-	821,028	821,028	-	-	-	-	-	-
70800	Other government grants	-	-	-	-	-	-	-	-	-
71100	Investment income - unrestricted	-	1,040	1,040	-	120	120	-	329	329
71100.01	S8 - housing assistance payment	-	-	-	-	-	-	-	-	-
71100.02	S8 - administrative fee	-	-	-	-	-	-	-	-	-
71100	Total investment income - unrestricted	-	1,040	1,040	-	120	120	-	329	329
71200	Mortgage interest income	-	-	-	-	-	-	-	-	-
71300	Proceeds from dispo of assets held for sale	-	-	-	-	-	-	-	-	-
71310	Cost of sale of assets	-	-	-	-	-	-	-	-	-
71400	Fraud recovery	-	-	-	-	-	-	-	-	-
71400.01	S8 - housing assistance payment	-	-	-	-	-	-	-	-	-
71400.02	S8 - administrative fee	-	-	-	-	-	-	-	-	-
71400	Total fraud recovery	-	-	-	-	-	-	-	-	-
71500	Other revenue	-	1,193	1,193	-	11,523	11,523	-	109,196	109,196
71600	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-	-	-	-	-
72000.01	S8 - housing assistance payment	-	-	-	-	-	-	-	-	-
72000.02	S8 - administrative fee	-	-	-	-	-	-	-	-	-
71100	Total investment income - restricted	-	-	-	-	-	-	-	-	-
700	TOTAL REVENUE	-	823,261	823,261	433,880	1,106,592	1,540,472	351,278	1,509,054	1,860,332
EXPENSES										
Administrative										
91100	Administrative salaries	-	368,894	368,894	780	79,930	80,710	461	97,920	98,381

Housing Authority of the City of Lancaster
 FINANCIAL DATA SCHEDULE
 September 30, 2010
 (Continued)

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
91200	Auditing fees	-	7,605	7,605	333	2,916	3,249	334	5,979	6,313
91300	Management fees	-		-	29,840	119,543	149,383	29,830	162,261	192,091
91310	Bookkeeping fee	-		-	-	17,692	17,692	-	24,015	24,015
91400	Advertising and marketing	-	940	940	1,576	540	2,116	1,577	287	1,864
91500	Employee benefit contributions- admin	-	127,470	127,470	377	34,503	34,880	216	42,111	42,327
91600	Office expenses	-	20,922	20,922	2,950	10,044	12,994	148	13,615	13,763
91700	Legal expense	-	3,324	3,324	-	4,403	4,403	-	4,054	4,054
91800	Travel (training / conferences)	-	8,155	8,155	2,458	727	3,185	2,007	889	2,896
91810	Allocated Overhead	-		-	-		-	-		-
91900	Other	-	25,651	25,651	11,756	14,785	26,541	5,012	15,147	20,159
91000	Total operating - administrative	-	562,961	562,961	50,070	285,083	335,153	39,585	366,278	405,863
92000	Asset management fee					-	-		32,400	32,400
	Tenant services									
92100	Tenant services - salaries	-		-	-		-	-	49,129	49,129
92200	Relocation costs	-		-	-		-	-		-
92300	Employee benefit contrib- tenant services	-		-	-		-	-	21,128	21,128
92400	Tenant services - other	-		-	1,244		1,244	178		178
92500	Total tenant services	-	-	-	1,244	-	1,244	178	70,257	70,435
	Utilities									
93100	Water	-	493	493	-	92,683	92,683	-	42,314	42,314
93200	Electricity	-	8,959	8,959	-	54,221	54,221	-	170,927	170,927
93300	Gas	-	2,475	2,475	-	89,896	89,896	-	88,847	88,847
93400	Fuel	-		-	-		-	-		-
93500	Labor	-		-	-		-	-		-
93600	Sewer	-		-	-		-	-		-
93700	Employee benefit contributions- utilities	-		-	-		-	-		-
93800	Other utilities expense	-		-	-		-	-		-
93000	Total utilities	-	11,927	11,927	-	236,800	236,800	-	302,088	302,088
	Ordinary Maintenance & Operations									
94100	Ordinary maint and operations - labor	-		-	-	204,008	204,008	-	224,205	224,205
94200	Ordinary maint and op - materials & other	-	9,871	9,871	12,617	58,059	70,676	8,242	36,514	44,756
94300	Ordinary maint and op - contract costs									
94300.01	garbage and trash removal	-	651	651	-	35,955	35,955	-	18,984	18,984
94300.02	heating & cooling	-		-	-	1,274	1,274	-	1,308	1,308
94300.03	snow removal	-		-	-		-	-		-
94300.04	elevator maintenance	-	5,406	5,406	-		-	-	4,447	4,447
94300.05	landscape & grounds	-		-	-		-	-		-
94300.06	unit turnaround	-		-	-		-	-		-
94300.07	electrical	-		-	-	420	420	-	1,874	1,874
94300.08	plumbing	-		-	-	2,302	2,302	-	1,068	1,068
94300.09	extermination	-		-	-	2,005	2,005	-	5,370	5,370
94300.10	janitorial	-		-	-		-	-		-
94300.11	routine maintenance	-		-	-	2,937	2,937	-	10,216	10,216

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
94300.12	miscellaneous	-	15,487	15,487	-	54,263	54,263	-	59,482	59,482
94300	Total maint & operations contrat costs	-	21,544	21,544	-	99,156	99,156	-	102,749	102,749
94500	Employee benefit contrib- ordinary maint	-	-	-	-	88,063	88,063	-	96,422	96,422
94000	Total maintenance and operations	-	31,415	31,415	12,617	449,286	461,903	8,242	459,890	468,132
	Protective Services									
95100	Protective services - labor	-	-	-	-	-	-	-	-	-
95200	Protective services- other contract costs	-	-	-	-	-	-	4,500	-	4,500
95300	Protective services - other	-	-	-	-	-	-	-	-	-
95500	Employee benefit contrib- protective serv	-	-	-	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	-	-	4,500	-	4,500
	General Expenses									
96110	Property insurance	-	412	412	-	15,620	15,620	-	15,592	15,592
96120	Liability insurance	-	3,979	3,979	-	2,718	2,718	-	8,832	8,832
96130	Workmen's compensation	-	1,170	1,170	-	14,573	14,573	-	16,234	16,234
96140	All other insurance	-	1,944	1,944	-	13,009	13,009	-	2,114	2,114
96100	Total insurance premium	-	7,505	7,505	-	45,920	45,920	-	42,772	42,772
96200	Other general expenses	-	25,498	25,498	-	-	-	-	-	-
96210	Compensated absences	-	55,959	55,959	-	44,011	44,011	-	55,044	55,044
96300	Payments in lieu of taxes	-	-	-	-	16,307	16,307	-	49,893	49,893
96400	Bad debt - tenant rents	-	-	-	-	3,566	3,566	-	-	-
96500	Bad debt- mortgages	-	-	-	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-
96800	Severance expense	-	-	-	-	-	-	-	-	-
96000	Total other general expenses	-	81,457	81,457	-	63,884	63,884	-	104,937	104,937
96710	Interest on mortgages (or bonds) payable	-	-	-	-	-	-	-	-	-
96720	Int on notes payable (short & long term)	-	-	-	-	-	-	-	-	-
96730	Amortization of bond issue costs	-	-	-	-	-	-	-	-	-
96700	Total interest expense & amort cost	-	-	-	-	-	-	-	-	-
969	TOTAL OPERATING EXPENSES	-	695,265	695,265	63,931	1,080,973	1,144,904	52,505	1,378,622	1,431,127
970	EXCESS OPERATING REVENUE over OPERATING EXPENSES	-	127,996	127,996	369,949	25,619	395,568	298,773	130,432	429,205
97100	Extraordinary maintenance	-	-	-	23,202	-	23,202	6,528	-	6,528
97200	Casualty losses - non-capitalized	-	-	-	-	(24,684)	(24,684)	-	(12,057)	(12,057)
97300	Housing assistance payments									
97300.010	mainstream 1 & 5 year	-	-	-	-	-	-	-	-	-
97300.020	home-ownership	-	-	-	-	-	-	-	-	-
97300.025	litigation	-	-	-	-	-	-	-	-	-
97300.030	hope iv	-	-	-	-	-	-	-	-	-
97300.035	moving to work	-	-	-	-	-	-	-	-	-
97300.040	tenant protection	-	-	-	-	-	-	-	-	-
97300.050	all other	-	-	-	-	-	-	-	-	-
96700	Total housing assistance payments	-	-	-	-	-	-	-	-	-

Housing Authority of the City of Lancaster

FINANCIAL DATA SCHEDULE

September 30, 2010

(Continued)

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
97350	HAP Portability-In (admin fee related)	-		-	-		-		-	
97400	Depreciation expense	-	14,354	14,354	2,069	206,337	208,406	628	438,829	439,457
97500	Fraud losses	-		-	-		-		-	
97800	Dwelling units rent expense	-		-	-		-		-	
900	TOTAL EXPENSES	-	709,619	709,619	89,202	1,262,626	1,351,828	59,661	1,805,394	1,865,055
	OTHER FINANCING SOURCES (USES)									
10010	Operating transfers in	-		-	-	35,800	35,800	-	17,900	17,900
10020	Operating transfers out	-		-	(35,800)		(35,800)	(17,900)		(17,900)
10030	Operating transfers from/to primary gov't									
10030.01	not for profit	-		-	-		-	-		-
10030.02	partnership	-		-	-		-	-		-
10030.03	joint venture	-		-	-		-	-		-
10030.04	tax credit	-		-	-		-	-		-
10030.05	other	-		-	-		-	-		-
10030	Total oper transfers from / to primary gov't	-	-	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-		-	-		-	-		-
10070	Extraordinary items, net gain/loss	-		-	-		-	-		-
10080	Special items, net gain/loss	-		-	-		-	-		-
10091	Inter-project excess cash transfer in	-		-	-		-	-		-
10092	Inter-project excess cash transfer out	-		-	-		-	-		-
10093	Transfers between programs and projects in	-		-	-		-	-		-
10094	Transfers between programs and projects out	-		-	-		-	-		-
10100	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(35,800)	35,800	-	(17,900)	17,900	-
10000	EXCESS of REVENUE over EXPENSES	-	113,642	113,642	308,878	(120,234)	188,644	273,717	(278,440)	(4,723)
	MEMO ACCOUNT INFORMATION									
11020	Required annual debt principal payments	-		-	-		-	-		-
11030	Beginning equity	-	331,378	331,378	109,115	1,854,073	1,963,188	41,846	4,203,806	4,245,652
11040	Prior period adj, equity trf, and correction of errors									
1104a	Prior period adjustments	-		-	-		-	-		-
1104b	Correction of Errors	-		-	-		-	-		-
1104c	Equity Transfer - ARRA Capital work	-		-	-		-		844,660	844,660
1104c	Equity Transfer	-		-	-		-	-		-
11040	Total PPV, Equity Trf, & Correction of Errors	-	-	-	-	-	-	-	844,660	844,660
11170	Administrative fee equity									
11170.001	Beginning Balance									
11170.010	administrative fee revenue									
11170.020	hard to house fee revenue									
11170.021	FSS coordinator grant									
11170.030	audit costs									
11170.040	investment income									
11170.045	fraud recovery revenue									

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 FINANCIAL DATA SCHEDULE
 September 30, 2010
 (Continued)

Line No.	Account Description	COCC			AMP 012			AMP 034		
		COCC - CFP Total	COCC	COCC TOTAL	AMP 012 - CFP Total	AMP 012	AMP 012 TOTAL	AMP 034 - CFP Total	AMP 034	AMP 034 TOTAL
11170.050	other revenue									
11170.060	Total admin fee revenues									
11170.080	Total operating expenses									
11170.090	Depreciation									
11170.095	Housing assistance portability in									
11170.100	Other expenses									
11170.110	Total expenses									
11170.002	Net Administrative Fee									
11170.003	Ending Balance									
	Cross Check									
11180	Housing assistance payments equity									
11180.001	Beginning Balance									
11180.010	Housing assistance payment revenues									
11180.015	fraud recovery revenue									
11180.020	other revenue									
11180.025	investment income									
11180.030	Total HAP revenues									
11180.080	housing assistance payments									
11180.090	other expenses									
11180.100	Total housing assistance payments expenses									
11180.002	Net Housing Assistance Payments									
11180.003	Ending Balance									
	Cross Check									
11190	Unit months available									
11190.21	Total units					2,388	2,388		3,240	3,240
11190.22	Unfunded units						-			-
11190.23	Other adjustments						-			-
11190	Total Unit months available					2,388	2,388		3,240	3,240
11210	Number of unit months leased					2,359	2,359		3,202	3,202
	Occupancy Percentage					98.8%	98.8%		98.8%	98.8%
11270	Excess cash	-	304,946	304,946	-	(45,360)	(45,360)	-	326,537	326,537
11610	Land purchases	-	-	-	-	-	-	-	-	-
11620	Building purchases	-	-	-	310,947	-	310,947	274,345	844,660	1,119,005
11630	Furniture & equipment - dwelling purchases	-	-	-	-	-	-	-	-	-
11640	Furniture & equipment - administrative purchases	-	-	-	-	-	-	-	-	-
11650	Leasehold improvements purchases	-	-	-	-	-	-	-	-	-
11660	Infrastructure purchases	-	-	-	-	-	-	-	-	-
13510	CFP debt service payments	-	-	-	-	-	-	-	-	-
13901	Replacement housing factor funds	-	-	-	-	-	-	-	-	-

Housing Authority of the City of Lancaster
 FINANCIAL DATA SCHEDULE
 September 30, 2010
 (Continued)

Line No.	Account Description	AMP 711			SECTION 8 Programs				Business Activity - Mgmt Fund [002]	HA-Wide SubTotal	Elimination	HA-Wide SubTotal
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL	Formula CF Stimulus Grant [511] 14.885	Shelter Plus Care [005] 14.238	HCV Program [008] 14.871					
REVENUE												
70300	Net tenant rental revenue	-	128,864	128,864					1,329,749			1,329,749
70400	Tenant revenue - other	-	11,917	11,917					99,345			99,345
70500	Total tenant revenue	-	140,781	140,781	-	-			1,429,094	-		1,429,094
70600	HUD PHA operating grants	85,357	371,541	456,898	88,625				1,951,554			1,951,554
70600.01	S8 - housing assistance payments	-		-		88,913	5,631,519		5,720,432			5,720,432
70600.02	S8 - ongoing administrative fees earned	-		-		1,883	625,365		627,248			627,248
70600.03	S8 - hard to house fee revenue	-		-					-			-
70600.04	S8 - FSS coordinator	-		-			51,670		51,670			51,670
70600.05	S8 - actual IPA audit costs	-		-					-			-
70600.06	S8 - all other fees	-		-					-			-
70700	Total HUD PHA operating grants	85,357	371,541	456,898	88,625	90,796	6,308,554	-	8,350,904	-		8,350,904
70610	Capital grants	54,165		54,165	844,660				1,484,117			1,484,117
70710	Management fee	-		-					639,061	(639,061)		-
70720	Asset management fee	-		-					32,400	(32,400)		-
70730	Bookkeeping fee	-		-					128,459	(128,459)		-
70740	Front line service fee	-		-					14,600	(14,600)		-
70750	Other fees	-		-					6,508			6,508
70700	Total fee revenue	-	-	-	-	-	-	-	821,028	(814,520)		6,508
70800	Other government grants	-		-					-			-
71100	Investment income - unrestricted	-	94	94				1,377	2,960			2,960
71100.01	S8 - housing assistance payment	-		-					-			-
71100.02	S8 - administrative fee	-		-			1,025		1,025			1,025
71100	Total investment income - unrestricted	-	94	94	-	-	1,025	1,377	3,985	-		3,985
71200	Mortgage interest income	-		-					-			-
71300	Proceeds from dispo of assets held for sale	-		-					-			-
71310	Cost of sale of assets	-		-					-			-
71400	Fraud recovery	-		-					-			-
71400.01	S8 - housing assistance payment	-		-			7,368		7,368			7,368
71400.02	S8 - administrative fee	-		-			7,368		7,368			7,368
71400	Total fraud recovery	-	-	-	-	-	14,736	-	14,736	-		14,736
71500	Other revenue	-	3,524	3,524			160,758		286,194			286,194
71600	Gain or loss on the sale of fixed assets	-		-					-			-
72000	Investment income - restricted	-	381	381					381			381
72000.01	S8 - housing assistance payment	-		-			1,824		1,824			1,824
72000.02	S8 - administrative fee	-		-					-			-
71100	Total investment income - restricted	-	381	381	-	-	1,824	-	2,205	-		2,205
700	TOTAL REVENUE	139,522	516,321	655,843	933,285	90,796	6,486,897	1,377	12,392,263	(814,520)		11,577,743
EXPENSES												
Administrative												
91100	Administrative salaries	469	43,990	44,459		1,326	230,835		824,605			824,605

Housing Authority of the City of Lancaster
 FINANCIAL DATA SCHEDULE
 September 30, 2010
 (Continued)

Line No.	Account Description	AMP 711			SECTION 8 Programs			Business Activity - Mgmt Fund [002]	HA-Wide SubTotal	Elimination	HA-Wide SubTotal
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL	Formula CF Stimulus Grant [511] 14.885	Shelter Plus Care [005] 14.238	HCV Program [008] 14.871				
91200	Auditing fees	333	2,000	2,333			5,500		25,000		25,000
91300	Management fees	29,830	56,096	85,926	86,588		125,073		639,061	(639,061)	-
91310	Bookkeeping fee	-	8,302	8,302			78,450		128,459	(128,459)	-
91400	Advertising and marketing	683		683	2,037		8		7,648		7,648
91500	Employee benefit contributions- admin	231	18,088	18,319		551	116,256		339,803		339,803
91600	Office expenses	-	4,181	4,181			29,529		81,389		81,389
91700	Legal expense	-	489	489			1,556		13,826		13,826
91800	Travel (training / conferences)	658	416	1,074			5,666		20,976		20,976
91810	Allocated Overhead	-		-					-		-
91900	Other	1,515	6,947	8,462			22,441	143	103,397	(14,600)	88,797
91000	Total operating - administrative	33,719	140,509	174,228	88,625	1,877	615,314	143	2,184,164	(782,120)	1,402,044
92000	Asset management fee			-					32,400	(32,400)	-
	Tenant services										
92100	Tenant services - salaries	-		-					49,129		49,129
92200	Relocation costs	-		-					-		-
92300	Employee benefit contrib- tenant services	-		-					21,128		21,128
92400	Tenant services - other	-		-			46,581		48,003		48,003
92500	Total tenant services	-	-	-	-	-	46,581	-	118,260	-	118,260
	Utilities										
93100	Water	-	53,219	53,219			370		189,079		189,079
93200	Electricity	-	726	726			4,473		239,306		239,306
93300	Gas	-	1,322	1,322			1,236		183,776		183,776
93400	Fuel	-		-					-		-
93500	Labor	-		-					-		-
93600	Sewer	-		-					-		-
93700	Employee benefit contributions- utilities	-		-					-		-
93800	Other utilities expense	-		-					-		-
93000	Total utilities	-	55,267	55,267	-	-	6,079	-	612,161	-	612,161
	Ordinary Maintenance & Operations										
94100	Ordinary maint and operations - labor	-	104,119	104,119					532,332		532,332
94200	Ordinary maint and op - materials & other	768	18,256	19,024			757		145,084		145,084
94300	Ordinary maint and op - contract costs										
94300.01	garbage and trash removal	-	10,464	10,464			675		66,729		66,729
94300.02	heating & cooling	-		-					2,582		2,582
94300.03	snow removal	-		-					-		-
94300.04	elevator maintenance	-		-					9,853		9,853
94300.05	landscape & grounds	-		-					-		-
94300.06	unit turnaround	-		-					-		-
94300.07	electrical	-	1,872	1,872					4,166		4,166
94300.08	plumbing	-	3,045	3,045					6,415		6,415
94300.09	extermination	-	275	275					7,650		7,650
94300.10	janitorial	-		-					-		-
94300.11	routine maintenance	-	474	474			7,930		21,557		21,557

Housing Authority of the City of Lancaster
 FINANCIAL DATA SCHEDULE
 September 30, 2010
 (Continued)

Line No.	Account Description	AMP 711			SECTION 8 Programs			Business Activity - Mgmt Fund [002]	HA-Wide SubTotal	Elimination	HA-Wide SubTotal
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL	Formula CF Stimulus Grant [511] 14.885	Shelter Plus Care [005] 14.238	HCV Program [008] 14.871				
94300.12	miscellaneous	-	12,251	12,251			10,703		152,186		152,186
94300	Total maint & operations contrat costs	-	28,381	28,381	-	-	19,308	-	271,138	-	271,138
94500	Employee benefit contrib- ordinary maint		42,813	42,813					227,298		227,298
94000	Total maintenance and operations	768	193,569	194,337	-	-	20,065	-	1,175,852	-	1,175,852
	Protective Services										
95100	Protective services - labor	-		-					-		-
95200	Protective services- other contract costs	-		-					4,500		4,500
95300	Protective services - other	-		-					-		-
95500	Employee benefit contrib- protective serv	-		-					-		-
95000	Total protective services	-	-	-	-	-	-	-	4,500	-	4,500
	General Expenses										
96110	Property insurance	-	13,338	13,338			285		45,247		45,247
96120	Liability insurance	-	1,553	1,553			2,329		19,411		19,411
96130	Workmen's compensation	-	7,282	7,282		6	709		39,974		39,974
96140	All other insurance	-	1,380	1,380			5,495		23,942		23,942
96100	Total insurance premium	-	23,553	23,553	-	6	8,818	-	128,574	-	128,574
96200	Other general expenses	-		-			8,269	3,350	37,117		37,117
96210	Compensated absences	-	17,337	17,337					172,351		172,351
96300	Payments in lieu of taxes	-	7,360	7,360					73,560		73,560
96400	Bad debt - tenant rents	-	2,000	2,000					5,566		5,566
96500	Bad debt- mortgages	-		-					-		-
96600	Bad debt - other	-		-					-		-
96800	Severance expense	-		-					-		-
96000	Total other general expenses	-	26,697	26,697	-	-	8,269	3,350	288,594	-	288,594
96710	Interest on mortgages (or bonds) payable	-		-					-		-
96720	Int on notes payable (short & long term)	-		-					-		-
96730	Amortization of bond issue costs	-		-					-		-
96700	Total interest expense & amort cost	-	-	-	-	-	-	-	-	-	-
969	TOTAL OPERATING EXPENSES	34,487	439,595	474,082	88,625	1,883	705,126	3,493	4,544,505	(814,520)	3,729,985
970	EXCESS OPERATING REVENUE over OPERATING EXPENSES	105,035	76,726	181,761	844,660	88,913	5,781,771	(2,116)	7,847,758	-	7,847,758
97100	Extraordinary maintenance	15,070		15,070					44,800		44,800
97200	Casualty losses - non-capitalized	-		-					(36,741)		(36,741)
97300	Housing assistance payments										
97300.010	mainstream 1 & 5 year	-		-					-		-
97300.020	home-ownership	-		-			32,017		32,017		32,017
97300.025	litigation	-		-					-		-
97300.030	hope iv	-		-					-		-
97300.035	moving to work	-		-					-		-
97300.040	tenant protection	-		-			65,417		65,417		65,417
97300.050	all other	-		-		88,913	5,023,731		5,112,644		5,112,644
96700	Total housing assistance payments	-	-	-	-	88,913	5,121,165	-	5,210,078	-	5,210,078

Housing Authority of the City of Lancaster
 FINANCIAL DATA SCHEDULE
 September 30, 2010
 (Continued)

Line No.	Account Description	AMP 711			SECTION 8 Programs					Elimination	HA-Wide SubTotal
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL	Formula CF Stimulus Grant [511] 14.885	Shelter Plus Care [005] 14.238	HCV Program [008] 14.871	Business Activity - Mgmt Fund [002]	HA-Wide SubTotal		
97350	HAP Portability-In (admin fee related)	-		-			114,613		114,613		114,613
97400	Depreciation expense	-	439,972	439,972			9,177	1,250	1,112,616		1,112,616
97500	Fraud losses	-		-					-		-
97800	Dwelling units rent expense	-		-					-		-
900	TOTAL EXPENSES	49,557	879,567	929,124	88,625	90,796	5,950,081	4,743	10,989,871	(814,520)	10,175,351
OTHER FINANCING SOURCES (USES)											
10010	Operating transfers in	-	35,800	35,800					89,500		89,500
10020	Operating transfers out	(35,800)		(35,800)					(89,500)		(89,500)
10030	Operating transfers from/to primary gov't								-		-
10030.01	not for profit	-		-					-		-
10030.02	partnership	-		-					-		-
10030.03	joint venture	-		-					-		-
10030.04	tax credit	-		-					-		-
10030.05	other	-		-					-		-
10030	Total oper transfers from / to primary gov't	-	-	-	-	-	-	-	-	-	-
10040	Operating transfers from/to component unit	-		-					-		-
10070	Extraordinary items, net gain/loss	-		-					-		-
10080	Special items, net gain/loss	-		-					-		-
10091	Inter-project excess cash transfer in	-		-					-		-
10092	Inter-project excess cash transfer out	-		-					-		-
10093	Transfers between programs and projects in	-		-					-		-
10094	Transfers between programs and projects out	-		-					-		-
10100	TOTAL OTHER FINANCING SOURCES (USES)	(35,800)	35,800	-	-	-	-	-	-	-	-
10000	EXCESS of REVENUE over EXPENSES	54,165	(327,446)	(273,281)	844,660	-	536,816	(3,366)	1,402,392	-	1,402,392
MEMO ACCOUNT INFORMATION											
11020	Required annual debt principal payments	-		-					-		-
11030	Beginning equity	42,855	1,857,905	1,900,760			923,249	255,512	9,619,739		9,619,739
11040	Prior period adj, equity trf, and correction of errors										
1104a	Prior period adjustments	-		-					-		-
1104b	Correction of Errors	-		-					-		-
1104c	Equity Transfer - ARRA Capital work				(844,660)				-		-
1104c	Equity Transfer	-		-					-		-
11040	Total PPY, Equity Trf, & Correction of Errors	-	-	-	(844,660)	-	-	-	-	-	-
11170	Administrative fee equity										
11170.001	Beginning Balance					511	588,321		588,321		588,321
11170.010	administrative fee revenue						625,365		625,365		625,365
11170.020	hard to house fee revenue								-		-
11170.021	FSS coordinator grant						51,670		51,670		51,670
11170.030	audit costs								-		-
11170.040	investment income						1,025		1,025		1,025
11170.045	fraud recovery revenue						7,368		7,368		7,368

Housing Authority of the City of Lancaster
 FINANCIAL DATA SCHEDULE
 September 30, 2010
 (Continued)

Line No.	Account Description	AMP 711			SECTION 8 Programs			Business Activity - Mgmt Fund [002]	HA-Wide SubTotal	Elimination	HA-Wide SubTotal
		AMP 711 - CFP Total	AMP 711	AMP 711 TOTAL	Formula CF Stimulus Grant [511] 14.885	Shelter Plus Care [005] 14.238	HCV Program [008] 14.871				
11170.050	other revenue						153,202	153,202			153,202
11170.060	Total admin fee revenues						838,630	838,630			838,630
11170.080	Total operating expenses						705,126	705,126			705,126
11170.090	Depreciation						9,177	9,177			9,177
11170.095	Housing assistance portability in						114,613	114,613			114,613
11170.100	Other expenses						-	-			-
11170.110	Total expenses						828,916	828,916			828,916
11170.002	Net Administrative Fee						9,714	9,714			9,714
11170.003	Ending Balance						598,035	598,035			598,035
	Cross Check						-	-			-
11180	Housing assistance payments equity										
11180.001	Beginning Balance						334,928	334,928			334,928
11180.010	Housing assistance payment revenues						5,631,519	5,631,519			5,631,519
11180.015	fraud recovery revenue						7,368	7,368			7,368
11180.020	other revenue						30,661	30,661			30,661
11180.025	investment income						1,824	1,824			1,824
11180.030	Total HAP revenues						5,671,372	5,671,372			5,671,372
11180.080	housing assistance payments						5,121,165	5,121,165			5,121,165
11180.090	other expenses						23,105	23,105			23,105
11180.100	Total housing assistance payments expenses						5,144,270	5,144,270			5,144,270
11180.002	Net Housing Assistance Payments						527,102	527,102			527,102
11180.003	Ending Balance						862,030	862,030			862,030
	Cross Check						-	-			-
11190	Unit months available										
11190.21	Total units		1,140	1,140		192	11,806	18,766			18,766
11190.22	Unfunded units			-			(108)	(108)			(108)
11190.23	Other adjustments			-			(914)	(914)			(914)
11190	Total Unit months available		1,140	1,140		192	10,784	17,744			17,744
11210	Number of unit months leased		1,107	1,107		177	10,477	17,322			17,322
	Occupancy Percentage		97.1%	97.1%		92.2%	97.2%	97.6%			97.6%
11270	Excess cash	-	58,310	58,310		-	476,518	217,156	1,338,107	-	1,338,107
11610	Land purchases	-	-	-							-
11620	Building purchases	54,165	-	54,165				1,484,117			1,484,117
11630	Furniture & equipment - dwelling purchases	-	-	-							-
11640	Furniture & equipment - administrative purchases	-	-	-							-
11650	Leasehold improvements purchases	-	-	-							-
11660	Infrastructure purchases	-	-	-							-
13510	CFFp debt service payments	-	-	-							-
13901	Replacement housing factor funds	-	-	-							-

Housing Authority of the City of Lancaster
 SCHEDULE of EXPENDITURES of FEDERAL AWARDS
 Year Ended September 30, 2010

Federal Grantor CFDA Program Title	Project Number	Source Code	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development				
Shelter Plus Care	PA0232C3T100801	D	14.238	\$ 90,796
Public and Indian Housing		D	14.850	1,577,706
Section 8 Housing Choice Vouchers	PA036	D	14.871	5,940,904
Public Housing Capital Fund Program	PA26P03650109	D	14.872	469,637
Public Housing Capital Fund Program	PA26P03650108	D	14.872	365,543
Capital Fund Stimulus Grant	PA26S03650109	D	14.885	<u>933,285</u>
Total U.S. Department of Housing and Urban Development				<u>9,377,871</u>
TOTAL EXPENDITURES of FEDERAL AWARDS				<u>\$ 9,377,871</u>

Note 1 - The schedule of expenditures of federal awards is presented on the accrual basis of accounting.

Legend:
 CFDA = Catalog of Domestic Assistance
 D = Direct Funding

See auditors' report.

**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 Directors
Housing Authority of the City of Lancaster
Lancaster, Pennsylvania

We have audited the statement of net assets of the **Housing Authority of the City of Lancaster**, as of September 30, 2010, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended and have issued our report thereon dated June 13, 2011. 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 the **Housing Authority of the City of Lancaster'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 **Housing Authority of the City of Lancaster's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **Housing Authority of the City of Lancaster's** internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item #2010-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Housing Authority of the City of Lancaster's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The **Housing Authority of the City of Lancaster's** response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the **Housing Authority of the City of Lancaster'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 directors, others within the entity, 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.



June 13, 2011
Lancaster, Pennsylvania

TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

**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 Directors
Housing Authority of the City of Lancaster
Lancaster, Pennsylvania

Compliance

We have audited the compliance of the **Housing Authority of the City of Lancaster** 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, 2010. The **Housing Authority of the City of Lancaster's** major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the **Housing Authority of the City of Lancaster's** management. Our responsibility is to express an opinion on the **Housing Authority of the City of Lancaster'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 identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about the **Housing Authority of the City of Lancaster'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 the **Housing Authority of the City of Lancaster's** compliance with those requirements.

In our opinion, the **Housing Authority of the City of Lancaster** complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of the **Housing Authority of the City of Lancaster** is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the **Housing Authority of the City of Lancaster'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 **Housing Authority of the City of Lancaster's** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the entity, 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.



June 13, 2011
Lancaster, Pennsylvania

TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

Housing Authority of the City of Lancaster

SCHEDULE of FINDINGS and QUESTIONED COSTS

Year Ended September 30, 2010

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the **Housing Authority of the City of Lancaster**.
2. One significant deficiency relating to the audit of the financial statements is reported in the 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*. The significant deficiency is determined to be a material weakness.
3. No instances of noncompliance material to the financial statements of the **Housing Authority of the City of Lancaster** were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the **Housing Authority of the City of Lancaster** expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the **Housing Authority of the City of Lancaster** are reported in part C. of this schedule.
7. The programs tested as major programs are: Section 8 Housing Choice Vouchers - CFDA #14.871, Public Housing Capital Fund (CFP) - CFDA #14.872, and Public Housing Capital Fund Stimulus (Formula) Recovery Act Funded - CFDA #14.885.
8. The threshold for distinguishing type A and B programs was \$300,000.
9. The **Housing Authority of the City of Lancaster** was not determined to be a low-risk auditee.

Housing Authority of the City of Lancaster

SCHEDULE of FINDINGS and QUESTIONED COSTS

Year Ended September 30, 2010

(Continued)

B. Findings - Financial Statements Audit

Material Weakness

#2010-1 - Retainage Payable

According to generally accepted accounting principles, retainage on outstanding contracts should be accrued as a liability; however, during our audit it was determined that the Authority did not accrue a liability for retainage. In prior years, retainage was not material to the financial statements, but for the year ended September 30, 2010, it was material. An adjusting entry was subsequently made to accrue the retainage payable of \$114,074 and the related work-in-progress and expense. We recommend that the Authority monitors retainage in the future and records a liability if the amount is material to the financial statements.

Authority Response - In the future, retention will be reviewed and recorded if material. The accrual of the retainage will be incorporated into our year-end closing procedures.

C. Findings and Questioned Costs - Major Federal Awards Programs Audit

Compliance Findings

None

Significant Deficiencies

None

Material Weaknesses

None

Housing Authority of the City of Lancaster
SUMMARY SCHEDULE of PRIOR AUDIT FINDINGS
Year Ended September 30, 2010

There are no prior audit findings.



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FY2010 AUDIT CORRECTIVE ACTION PLAN

June 13, 2011

The Lancaster City Housing Authority respectfully submits the following corrective action plan for the year ended September 30, 2010.

Oversight Agency for Audit: U.S. Department of Housing and Urban Development

Name and Address of independent public accounting firm: Trout, Ebersole & Groff, LLP, 1705 Oregon Pike, Lancaster, PA 17601-4200.

Audit Period: October 1, 2009 to September 30, 2010

The findings from the schedule of findings and questioned costs for the year ended September 30, 2010 are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Findings - Financial Statements Audit

#2010-1 – Retainage Payable

According to generally accepted accounting principles, retainage on outstanding contracts should be accrued as a liability; however, during our audit it was determined that the Authority did not accrue a liability for retainage. In prior years, retainage was not material to the financial statements, but for the year ended September 30, 2010, it was material. An adjusting entry was subsequently made to accrue the retainage payable of \$114,074 and the related work-in-progress and expense. We recommend that the Authority monitors retainage in the future and records a liability if the amount is material to the financial statements.

Authority Response – In the future, retention will be reviewed and recorded if material. The accrual of the retainage will be incorporated into our year-end closing procedures.

June 13, 2011

Should there be any questions regarding this plan, please contact me.

Sincerely,
LANCASTER CITY HOUSING AUTHORITY

A handwritten signature in black ink, appearing to read "R.C. Schellhamer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert C. Schellhamer
Executive Director

cc: G. Morales, Chair, LCHA Board of Directors