

PHA 5-Year and Annual Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 4/30/2011
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1.0	PHA Information PHA Name: <u>McKinney Housing Authority</u> PHA Code: <u>TX027</u> PHA Type: <input checked="" type="checkbox"/> XSmall <input type="checkbox"/> High Performing <input type="checkbox"/> Standard <input type="checkbox"/> HCV (Section 8) PHA Fiscal Year Beginning: (MM/YYYY): <u>07/2009</u>												
2.0	Inventory (based on ACC units at time of FY beginning in 1.0 above) Number of PH units: <u>201</u> Number of HCV units: <u>345</u>												
3.0	Submission Type <input checked="" type="checkbox"/> 5-Year and Annual Plan <input type="checkbox"/> Annual Plan Only <input type="checkbox"/> 5-Year Plan Only												
4.0	PHA Consortia N/A PHA Consortia: (Check box if submitting a joint Plan and complete table below.)												
	Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program <table border="1"> <tr> <th>PH</th> <th>HCV</th> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </table>	PH	HCV						
PH	HCV												
5.0	5-Year Plan. Complete items 5.1 and 5.2 only at 5-Year Plan update.												
5.1	Mission. State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years: The Housing Authority's mission is to be results-oriented and citizen-centered as it strives to serve the needs of low-income families and to 1) increase the availability of decent, safe and affordable housing in its communities; 2) ensure equal opportunity in housing; 3) promote self-sufficiency and asset development of families and individuals; and 4) improve community quality of life and economic viability.												

5.2

Goals and Objectives. Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.

1. Increase the availability of decent, safe and affordable housing by
 - a. Expanding the supply of assisted housing by applying for additional rental vouchers; reducing public housing vacancies; leveraging private or other public funds to create additional housing opportunities; acquiring or building units or developments;
 - b. Improve the quality of assisted housing by renovating or modernizing existing public housing; demolishing or disposing of obsolete public housing; improving the PHAS and SEMAP management scores of the agency; increasing customer satisfaction; and concentrating efforts to improve specific management functions;
 - c. Increasing assisted housing choices by conducting outreach efforts to potential voucher landlords; converting public housing to vouchers and
2. Improving community quality of life and economic viability by providing an improved quality of life through
 - a. Implementing measures to deconcentrate poverty by brining higher income public housing households into lower income developments;
 - b. Implementing programs that address the Violence Against Women Act (VAWA) - educate children and youth on domestic violence; work in conjunction with local police department to enforce domestic violence issues immediately; provide confidential assistance to those who have expressed need for help in terms of child or adult abuse.
 - c. Implementing measures to promote income mixing in public housing by assuring access for lower income families into higher income developments;
 - d. Implementing public housing security improvements;
 - e. Designating developments or buildings for particular resident groups (elderly, persons with disabilities, etc)
3. Promoting self-sufficiency and asset development of families and individuals by
 - a. Increasing the number and percentage of employed persons in assisted families;
 - b. Providing or attracting supportive services to improve the recipients' employability and
 - c. Providing or attracting supportive services to increase independence for the elderly or families with disabilities

Report on progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan:

1. Increase the availability of decent, safe and affordable housing by
 - a. Accepting additional vouchers through the Disaster Housing Assistance Program (DHAP) in order to expanding the supply of assisted housing by applying for additional rental vouchers;
 - b. Working with development team on tax credit application in order to leverage private or other public funds to create additional housing opportunities for senior living;
 - c. Working with development team on tax credit application in order to improve the quality of assisted housing by demolishing or disposing of obsolete public housing;
 - d. Working with HUD field office and 3rd party consultants in order to improve the PHAS and SEMAP management scores of the agency through completion of needs assessment; enhanced training and implantation of upgraded software;
 - e. Designating staff person to concentrate efforts to increase customer satisfaction;
2. Improve community quality of life and economic viability by providing an improved quality of life through
 - a. Working with development team on tax credit application in order to implement measures to promote income mixing in public housing by assuring access for lower income families into higher income developments and
 - b. Enhancing lighting in order to improve public housing security;
 - c. Specifically addressed treatment of issues pertaining to domestic violence via policy and in informational packets in program offices
3. Promoting self-sufficiency and asset development of families and individuals by
 - a. Partnering with local life skills group in order to increase the number and percentage of employed persons in assisted families;
 - b. Providing supportive services to increase independence for the elderly or families with disabilities

PHA Plan Update

- (a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:
1. The Public Housing and Section 8 waiting lists were opened since the last submission
 2. Updated agency cost allocations; Section 8 payment standards and received notice of tax credits recommendation from TDHCA
 3. Planned financial resources for the impending fiscal year include:

**Financial Resources:
Planned Sources and Uses**

Sources	Planned \$
1. Federal Grants (FY 2009 grants)	
a) Public Housing Operating Fund	606,408
b) Public Housing Capital Fund	
c) HOPE VI Revitalization	
d) HOPE VI Demolition	
e) Annual Contributions for Section 8 Tenant-Based Assistance	2,086,046
f) Resident Opportunity and Self-Sufficiency Grants	
g) Community Development Block Grant	
h) HOME	
Other Federal Grants (list below)	
2. Prior Year Federal Grants (unobligated funds only) (list below)	
CFP 2008	271,507
CFP 2007	211,844
CFP 2006	0
CFP 2005	0
3. Public Housing Dwelling Rental Income	323,829
4. Other income (list below)	
DHAP Tenant Based Assistance	156,632
4. Non-federal sources (list below)	
Total resources	3,656,266

4. The 6/30/08 financial audit disclosed five (5) findings. Of those findings, one item remains open pertaining to the transfer of funds. A copy of the audit is on file with the HUD office.
- (b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.
McKinney Housing Authority; Administration Office; 1200 North Tennessee Street; McKinney, TX 75069

6.0

7.0	<p>Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. <i>Include statements related to these programs as applicable.</i></p> <p>The McKinney Housing Authority (MHA) has received an award of 2008 Tax Credits to help finance the redevelopment of the Merritt Homes public housing community in McKinney, Texas. The project was originally put on the waiting list for 2008 by the Texas Department of Housing and Community Affairs (TDHCA), but at the November 2008 TDHCA Board meeting it was given an award of tax credits with the stipulation that the deal must close the construction loan on or before May 15, 2009. It is MHA's intent to redevelop this site under the HUD mixed-finance approach including a combination of public housing funds including operating subsidies and/or Section 8 Housing Choice Vouchers, conventional loans, developer's equity and the aforementioned tax credits.</p> <p>Merritt Homes currently consists of 86 units all of which are public housing. MHA believes that all current residents can be absorbed into their remaining portfolio or can receive relocation/conversion vouchers through HUD. The new Merritt Homes will be a 178-unit (45 PHU) tax credit development targeting a senior only population.</p>
8.0	<p>Capital Improvements. Please complete Parts 8.1 through 8.3, as applicable. Included as attachments</p>
8.1	<p>Capital Fund Program Annual Statement/Performance and Evaluation Report. As part of the PHA 5-Year and Annual Plan, annually complete and submit the <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i>, form HUD-50075.1, for each current and open CFP grant and CFFP financing. Included as attachments</p>
8.2	<p>Capital Fund Program Five-Year Action Plan. As part of the submission of the Annual Plan, PHAs must complete and submit the <i>Capital Fund Program Five-Year Action Plan</i>, form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan.</p>
8.3	<p>Capital Fund Financing Program (CFFP). <input type="checkbox"/> Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements.</p>

Housing Needs. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.

Public Housing	# of families	Section 8	# of families
Waiting list total	45	Waiting list total	437
Extremely low income <=30% AMI	41	Extremely low income <=30% AMI	322
Very low income (>30% but <=50% AMI)	3	Very low income (>30% but <=50% AMI)	91
Low income (>50% but <80% AMI)	0	Low income (>50% but <80% AMI)	22
Over income	1	Over income	2
Families with children	28	Families with children	251
Elderly families	3	Elderly families	87
Families with Disabilities	5	Families with Disabilities	32
Race/ethnicity – White	20	Race/ethnicity – White	182
Race/ethnicity – Black	23	Race/ethnicity – Black	249
Race/ethnicity – Asian	2	Race/ethnicity – Amer. Ind.	3
Ethnicity - Hispanic	11	Race/ethnicity – Asian	3
		Ethnicity - Hispanic	62

The City of McKinney's Housing Rehabilitation Program is funded by the Community Development Block Grant (CDBG). These funds are awarded to the City of McKinney by the U.S. Department of Housing and Urban Development (HUD). The goal is to preserve existing affordable housing, to assist very low, low, and moderate-income homeowners in bringing their dwellings up to an acceptable standard, and to enhance and revitalize neighborhoods within the City, particularly neighborhoods east of McDonald Street (SH5).

During the year, the Section 8 waiting list was opened for a period of three days. The result was a waiting list of over 400 applicants. The Public Housing waiting list was re-opened and will remain so indefinitely. Due to the aging stock of the public housing units, it is becoming more and more challenging to lease the units.

9.0

Strategy for Addressing Housing Needs. Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.**

In an effort to address the on-going Public Housing and Section 8 needs, McKinney Housing Authority will, at a minimum:

- X Dedicate staff that will actively market the availability of housing.
- X Employ effective maintenance and management policies to minimize the number of public housing units off-line
- X Will implement date and time preference only for the admissions waiting list
- X Reduce turnover time for vacated public housing units
- X Reduce time to renovate public housing units
- X Seek replacement of public housing units lost to the inventory through mixed finance development
- X Seek replacement of public housing units lost to the inventory through section 8 replacement housing resources
- X Maintain or increase Section 8 lease-up rates by establishing payment standards that will enable families to rent throughout the jurisdiction
- X Undertake measures to ensure access to affordable housing among families assisted by the PHA, regardless of unit size required
- X Maintain or increase Section 8 lease-up rates by marketing the program to owners, particularly those outside of areas of minority and poverty concentration
- X Maintain or increase Section 8 lease-up rates by effectively screening Section 8 applicants to increase owner acceptance of program
- X Participate in the Consolidated Plan development process to ensure coordination with broader community strategies
- X Apply for additional Section 8 units should they become available
- X Leverage affordable housing resources in the community through the creation of mixed - finance housing
- X Pursue housing resources other than public housing or Section 8 tenant-based assistance.
- X Adopt rent policies to support and encourage work
- X Affirmatively market to local non-profit agencies that assist families with disabilities
- X Counsel Section 8 tenants as to location of units outside of areas of poverty or minority concentration and assist them to locate those units
- X Market the Section 8 program to owners outside of areas of poverty /minority concentrations

9.1

10.0	<p>Additional Information. Describe the following, as well as any additional information HUD has requested.</p> <p>(a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA’s progress in meeting the mission and goals described in the 5-Year Plan.</p> <ul style="list-style-type: none"> • Troubled agency making progress through a Memorandum of Agreement, including board training, policy development and implementation, increased fund balances, updated cost allocations and improved financial management • Dedicated staff to further market the programs of McKinney Housing Authority • Increased quality assurance in order to ensure quality delivery of service and high standards of fiscal performance • Continued to maintain up-to-date policies, particularly internal controls • Maintained positive cash flow for operational needs by monitoring and reducing expenditures in all program areas • Continued to assist victims of nationally declared initiatives through policy changes, particularly through working with the Disaster Housing Assistance Program (DHAP) • Promoted resident services – increased resident activities through active Resident Council officers and members • Promoted resident safety and crime prevention through collaborative efforts with local fire and police, particularly through the establishment of the Crime Watch program <p>(b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA’s definition of “significant amendment” and “substantial deviation/modification”</p> <p style="padding-left: 40px;">Substantial Deviation from the 5-Year Plan</p> <ul style="list-style-type: none"> • Any change to the Mission Statement • 50% deletion from or addition to the goals and objectives as a whole; and • 50% or more decrease in the quantifiable measurement of any individual goal or objective. <p style="padding-left: 40px;">b. Significant Amendment or Modification to the Annual Plan</p> <ul style="list-style-type: none"> • Any increase or decrease over 50% in the funds projected in the Financial Resource Statement and/or the Capital Fund Program Annual Statement; • Any change in a policy or procedure that requires a regulatory 30 day posting • Any change being submitted to HUD that requires a separate notification to residents; and • Any change in policy or operation that is inconsistent with the applicable Consolidated Plan

11.0	<p>Required Submission for HUD Field Office Review. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. Note: Faxed copies of these documents will not be accepted by the Field Office.</p> <p>(a) Form HUD-50077, <i>PHA Certifications of Compliance with the PHA Plans and Related Regulations</i> (which includes all certifications relating to Civil Rights)</p> <p>(b) Form HUD-50070, <i>Certification for a Drug-Free Workplace</i> (PHAs receiving CFP grants only)</p> <p>(c) Form HUD-50071, <i>Certification of Payments to Influence Federal Transactions</i> (PHAs receiving CFP grants only)</p> <p>(d) Form SF-LLL, <i>Disclosure of Lobbying Activities</i> (PHAs receiving CFP grants only)</p> <p>(e) Form SF-LLL-A, <i>Disclosure of Lobbying Activities Continuation Sheet</i> (PHAs receiving CFP grants only)</p> <p>(f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations.</p> <p>(g) Challenged Elements</p> <p>(h) Form HUD-50075.1, <i>Capital Fund Program Annual Statement/Performance and Evaluation Report</i> (PHAs receiving CFP grants only)</p> <p>(i) Form HUD-50075.2, <i>Capital Fund Program Five-Year Action Plan</i> (PHAs receiving CFP grants only)</p>
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This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. The 5-Year and Annual PHA plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information

Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory

Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type

Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia

Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan

Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan.

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

- (a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.
- (b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central office of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.
3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.
4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.
5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.
6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1)** development name and number; **2)** designation type; **3)** application status; **4)** date the designation was approved, submitted, or planned for submission, and; **5)** the number of units affected.
7. **Community Service and Self-Sufficiency.** A description of: **(1)** Any programs relating to services and amenities provided or offered to assisted families; **(2)** Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**
8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.
10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.
11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.
12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.
13. **Violence Against Women Act (VAWA).** A description of: 1) Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; 2) Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and 3) Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

- (a) **Hope VI or Mixed Finance Modernization or Development.** 1) A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and 2) A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm>
- (b) **Demolition and/or Disposition.** With respect to public housing projects owned by the PHA and subject to ACCs under the Act: (1) A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and (2) A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm
Note: This statement must be submitted to the extent that approved and/or pending demolition and/or disposition has changed.
- (c) **Conversion of Public Housing.** With respect to public housing owned by a PHA: 1) A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or

that the public housing agency plans to voluntarily convert; 2) An analysis of the projects or buildings required to be converted; and 3) A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: <http://www.hud.gov/offices/pih/centers/sac/conversion.cfm>

- (d) **Homeownership.** A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.
- (e) **Project-based Vouchers.** If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 Capital Improvements. This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 Capital Fund Program Annual Statement/Performance and Evaluation Report. PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

- (a) To submit the initial budget for a new grant or CFFP;
- (b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and
- (c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;
2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and
3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 Capital Fund Program Five-Year Action Plan

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling basis) so that the form always covers the present five-year period beginning with the current year.

8.3 Capital Fund Financing Program (CFFP). Separate, written HUD approval is required if the PHA proposes to pledge any

portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at:

<http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm>

9.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

- (a) **Progress in Meeting Mission and Goals.** PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**
- (b) **Significant Amendment and Substantial Deviation/Modification.** PHA must provide the definition of "significant amendment" and "substantial deviation/modification". **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)**

- (c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. **(Note: Standard and Troubled PHAs complete annually).**

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

- (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*
- (b) Form HUD-50070, *Certification for a Drug-Free Workplace (PHAs receiving CFP grants only)*
- (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions (PHAs receiving CFP grants only)*
- (d) Form SF-LLL, *Disclosure of Lobbying Activities (PHAs receiving CFP grants only)*
- (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet (PHAs receiving CFP grants only)*
- (f) Resident Advisory Board (RAB) comments.
- (g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.
- (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.1.
- (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan (Must be attached electronically for PHAs receiving CFP grants only)*. See instructions in 8.2.

Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 Expires 4/30/2011

Part I: Summary						
PHA Name/Number Housing Authority of the City of McKinney/TX027		Locality (City/County & State) McKinney/Collin County/Texas			XOriginal 5-Year Plan <input type="checkbox"/> Revision No:	
A.	Development Number and Name	Work Statement for Year 1 FFY_2009_____	Work Statement for Year 2 FFY __2010_____	Work Statement for Year 3 FFY __2011_____	Work Statement for Year 4 FFY __2012_____	Work Statement for Year 5 FFY _2013_____
B.	Physical Improvements Subtotal	Annual Statement	155,206	161,206	161,206	161,206
C.	Management Improvements		15,000	15,000	15,000	15,000
D.	PHA-Wide Non-dwelling Structures and Equipment		6,000			
E.	Administration		16,000	16,000	16,000	16,000
F.	Other – Audit; Fees & costs		25,000	25,000	25,000	25,000
G.	Operations		54,301	54,301	54,301	54,301
H.	Demolition					
I.	Development					
J.	Capital Fund Financing – Debt Service					
K.	Total CFP Funds		271,507	271,507	271,507	271,507
L.	Total Non-CFP Funds					
M.	Grand Total					

Capital Fund Program—Five-Year Action Plan

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 Expires 4/30/2011

Part I: Summary (Continuation)						
PHA Name/Number		Locality (City/county & State)			<input checked="" type="checkbox"/> Original 5-Year Plan	<input type="checkbox"/> Revision No:
A.	Development Number and Name	Work Statement for Year 1 FFY _2009__	Work Statement for Year 2 FFY __2010_____	Work Statement for Year 3 FFY __2011_____	Work Statement for Year 4 FFY __2012_____	Work Statement for Year 5 FFY __2013_____
		Annual Statement				

Part II: Supporting Pages – Physical Needs Work Statement(s)						
Work Statement for Year 1 FFY 2009	Work Statement for Year <u>2</u> FFY <u>2010</u>			Work Statement for Year: <u>3</u> FFY <u>2011</u>		
	Development Number/Name General Description of Major Work Categories	Quantity	Estimated Cost	Development Number/Name General Description of Major Work Categories	Quantity	Estimated Cost
See Annual Statement	PHA-Wide			PHA - Wide		
	1450 – Site Improvements: Fencing Replacements; Water lines	Per Needs Assessment Plan	19,553	1450 – Site Improvements: Parking/asphalt repair	Per Needs Assessment Plan	22,162
	1460 – Dwelling Structures: Replace doors; flooring; Roofing and gables repair; Range hoods; HVAC; Sinks; Tubs; Plumbing fixtures; Countertop replacement and as per Needs Assessment	Per Needs Assessment Plan	110,113	1460 – Dwelling Structures: Wall – install plywood decking and vinyl siding; HVAC; Plumbing fixtures; Tub replacement; flooring and as per Needs Assessment	Per Needs Assessment Plan	103,277
	1465 – Dwelling Equipment: Ranges and refrigerators and as per Needs Assessment	Per Needs Assessment Plan	25,540	1465 – Dwelling Equipment: Ranges and refrigerators and as per Needs Assessment	Per Needs Assessment Plan	35,767
	1470 – Non-Dwelling Structures: Replace common area/playground equipment	Per Needs Assessment Plan	6,000			

Capital Fund Program—Five-Year Action Plan

**U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
Expires 4/30/2011**

	Subtotal of Estimated Cost	\$161,206	Subtotal of Estimated Cost	\$161,206
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Part I: Summary			
PHA Name: Housing Authority of the City of McKinney	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:50%;">Grant Type and Number Capital Fund Program Grant No: TX21P027501-09 Replacement Housing Factor Grant No: Date of CFFP:</td> <td style="width:50%;">FFY of Grant: 2009 FFY of Grant Approval: 2009</td> </tr> </table>	Grant Type and Number Capital Fund Program Grant No: TX21P027501-09 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant: 2009 FFY of Grant Approval: 2009
Grant Type and Number Capital Fund Program Grant No: TX21P027501-09 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant: 2009 FFY of Grant Approval: 2009		

Type of Grant	
<input checked="" type="checkbox"/> Original Annual Statement	<input type="checkbox"/> Reserve for Disasters/Emergencies
<input type="checkbox"/> Performance and Evaluation Report for Period Ending:	<input type="checkbox"/> Revised Annual Statement (revision no:)
	<input type="checkbox"/> Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) ³	59,203.00		0.00	0.00
3	1408 Management Improvements	16,943.00		0.00	0.00
4	1410 Administration (may not exceed 10% of line 21)	16,000.00		0.00	0.00
5	1411 Audit	10,000.00		0.00	0.00
6	1415 Liquidated Damages				
7	1430 Fees and Costs	15,000.00		0.00	0.00
8	1440 Site Acquisition				
9	1450 Site Improvement	40,000.00		0.00	0.00
10	1460 Dwelling Structures	79,099.00		0.00	0.00
11	1465.1 Dwelling Equipment—Nonexpendable	11,000.00		0.00	0.00
12	1470 Non-dwelling Structures	6,392.00		0.00	0.00
13	1475 Non-dwelling Equipment	17,870.00		0.00	0.00
14	1485 Demolition				
15	1492 Moving to Work Demonstration				
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary					
PHA Name: Housing Authority of the City of McKinney	Grant Type and Number Capital Fund Program Grant No: TX21P027501-09 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant:2009 FFY of Grant Approval: 2009			
Type of Grant					
<input checked="" type="checkbox"/> Original Annual Statement		<input type="checkbox"/> Reserve for Disasters/Emergencies		<input type="checkbox"/> Revised Annual Statement (revision no:)	
<input type="checkbox"/> Performance and Evaluation Report for Period Ending: 3/24/2009			<input type="checkbox"/> Final Performance and Evaluation Report		
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	271,507.00		0.00	0.00
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
Signature of Executive Director		Date		Signature of Public Housing Director	
				Date	

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Part II: Supporting Pages								
PHA Name: Housing Authority of the City of McKinney		Grant Type and Number Capital Fund Program Grant No: TX21P027501-09 CFFP (Yes/ No): Replacement Housing Factor Grant No:			Federal FFY of Grant: 2009			
Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised ¹	Funds Obligated ²	Funds Expended ²	
TX027-HA Wide	Management Improvements:	1408		16,943.00		0.00	0.00	
	Software/computer/phone equipment/training							
	Operations	1406		59,203.00		0.00	0.00	
	Maintenance and resident services operations; General operations; PILOT							
	Administration:	1410		16,000.00		0.00	0.00	
	Part-time help during CFP, including non-technical & technical							
	Audit Cost - Audit Fees	1411		10,000.00		0.00	0.00	
	Fees and Costs - Architect fees	1430		15,000.00		0.00	0.00	
	Site Improvement:	1450		40,000.00		0.00	0.00	
	Fencing Replacements; Water lines and as per needs assessments							
	Dwelling Structures:	1460		79,099.00		0.00	0.00	
	Replace windows; doors; flooring; HVAC; countertop replacement; sinks; range hoods; roofing and gables repair and as per needs assessment							
	Dwelling Equipment	1465		11,000.00		0.00	0.00	
	Purchase refrigerators, stoves and as per needs assessment							

¹ To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

Part I: Summary	
PHA Name: Housing Authority of the City of McKinney	Grant Type and Number Capital Fund Program Grant No: TX21P027501-08 Replacement Housing Factor Grant No: Date of CFFP:
FFY of Grant: 2008 FFY of Grant Approval: 2008	

Original Annual Statement
 Reserve for Disasters/Emergencies
 Revised Annual Statement (revision no:)
 Performance and Evaluation Report for Period Ending: 03/24/2009
 Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) ³	46,203.00	68,706.00	0.00	0.00
3	1408 Management Improvements	16,943.00	16,943.00	0.00	0.00
4	1410 Administration (may not exceed 10% of line 21)	16,000.00	16,000.00	0.00	0.00
5	1411 Audit	10,000.00	10,000.00	0.00	0.00
6	1415 Liquidated Damages				
7	1430 Fees and Costs	15,000.00	49,367.00	0.00	0.00
8	1440 Site Acquisition				
9	1450 Site Improvement	40,000.00	30,000.00	0.00	0.00
10	1460 Dwelling Structures	69,099.00	59,099.00	0.00	0.00
11	1465.1 Dwelling Equipment—Nonexpendable	11,000.00	11,000.00	0.00	0.00
12	1470 Non-dwelling Structures	6,392.00	6,392.00	0.00	0.00
13	1475 Non-dwelling Equipment	37,870.00	4,000.00	0.00	0.00
14	1485 Demolition				
15	1492 Moving to Work Demonstration				
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary					
PHA Name: Housing Authority of the City of McKinney	Grant Type and Number Capital Fund Program Grant No: TX21O027501-08 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant:2008 FFY of Grant Approval: 2008			
Type of Grant					
<input type="checkbox"/> Original Annual Statement		<input type="checkbox"/> Reserve for Disasters/Emergencies		<input type="checkbox"/> Revised Annual Statement (revision no:)	
<input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: 3/24/2009		<input type="checkbox"/> Final Performance and Evaluation Report			
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	271,507.00	271,507.00	0.00	0.00
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
Signature of Executive Director		Date		Signature of Public Housing Director	
				Date	

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Part II: Supporting Pages								
PHA Name: Housing Authority of the City of McKinney			Grant Type and Number Capital Fund Program Grant No: TX21P027501-08 CFFP (Yes/ No): Replacement Housing Factor Grant No:			Federal FFY of Grant: 2008		
Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised ¹	Funds Obligated ²	Funds Expended ²	
TX027-HA Wide	Management Improvements:	1408		16,943.00	16,943.00	0.00	0.00	0% complete
	Purchase software for computers & phone equip	1408		3,000.00				
	Provide for 5-Year Plan Consulting	1408		1,500.00				
	Provide Training for Executive Director/Staff	1408		12,443.00				
	Operations	1406		49,203.00	68,706.00	0.00	0.00	0% complete
	Maintenance and resident services operations; General operations							
	Administration:	1410		16,000.00	16,000.00	0.00	0.00	0% complete
	Part-time help during CFP, including non-technical & technical	1410		15,000.00				
	Sundry	1410		1,000.00				
	Audit Cost - Audit Fees	1411		10,000.00	10,000.00	0.00	0.00	0% complete
	Fees and Costs - Architect fees	1430		15,000.00	49,367.00	0.00	0.00	0% complete
	Site Improvement:	1450		40,000.00	30,000.00	0.00	0.00	0% complete
	Sidewalks; Roads; Parking areas; Fencing; General per needs assessment							
	Dwelling Structures:	1460		69,099.00	59,099.00	0.00	0.00	0% complete
	Labor & material for HVAC, tubs, sinks, range hoods, windows & flooring in dwelling units							

	Dwelling Equipment	1465	20	11,000.00	11,000.00	0.00	0.00	0% complete
	Purchase refrigerators; Purchase ranges							

¹ To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

² To be completed for the Performance and Evaluation Report.

Annual Statement/Performance and Evaluation Report
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
Expires 4/30/2011

Part II: Supporting Pages								
PHA Name: Housing Authority of the City of McKinney		Grant Type and Number Capital Fund Program Grant No: TX21P027501-08 CFFP (Yes/ No): Replacement Housing Factor Grant No:			Federal FFY of Grant: 2008			
Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised ¹	Funds Obligated ²	Funds Expended ²	
TX027-HA Wide	Non-Dwelling Structures	1470		6,392.00	6,392.00	0.00	0.00	0% complete
	Multi-purpose/Recreation Facility/Recreation Equipment							
	Non-Dwelling Equipment	1475		37,870.00	4,000.00	0.00	0.00	0% complete
	Maintenance Truck; Lawn Equipment							
	GRAND TOTAL			271,507.00	271,507.00			

¹ Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.

Part I: Summary	
PHA Name: Housing Authority of the City of McKinney	Grant Type and Number Capital Fund Program Grant No: TX21P027501-07 Replacement Housing Factor Grant No: Date of CFFP:
FFY of Grant: 2007 FFY of Grant Approval: 2007	

Type of Grant
 Original Annual Statement
 Reserve for Disasters/Emergencies
 Revised Annual Statement (revision no:)
 Performance and Evaluation Report for Period Ending: 03/24/2009
 Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) ³	0.00	35,000.00	0.00	0.00
3	1408 Management Improvements	16,943.00	16,943.00	0.00	0.00
4	1410 Administration (may not exceed 10% of line 21)	9,636.00	9,636.00	0.00	0.00
5	1411 Audit	10,000.00	10,000.00	0.00	0.00
6	1415 Liquidated Damages				
7	1430 Fees and Costs	5,000.00	25,000.00	0.00	0.00
8	1440 Site Acquisition				
9	1450 Site Improvement	40,000.00	40,000.00	0.00	0.00
10	1460 Dwelling Structures	89,099.00	100,099.00	0.00	0.00
11	1465.1 Dwelling Equipment—Nonexpendable	11,000.00	11,000.00	0.00	0.00
12	1470 Non-dwelling Structures	56,392.00	16,392.00	0.00	0.00
13	1475 Non-dwelling Equipment	37,870.00	11,870.00	0.00	0.00
14	1485 Demolition				
15	1492 Moving to Work Demonstration				
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary					
PHA Name: Housing Authority of the City of McKinney	Grant Type and Number Capital Fund Program Grant No: TX21O027501-07 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant:2007 FFY of Grant Approval: 2007			
Type of Grant					
<input type="checkbox"/> Original Annual Statement		<input type="checkbox"/> Reserve for Disasters/Emergencies		<input type="checkbox"/> Revised Annual Statement (revision no:)	
<input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: 3/24/2009		<input type="checkbox"/> Final Performance and Evaluation Report			
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	275,940.00	275,940.00	0.00	0.00
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
Signature of Executive Director		Date		Signature of Public Housing Director	
				Date	

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Part II: Supporting Pages								
PHA Name: Housing Authority of the City of McKinney			Grant Type and Number Capital Fund Program Grant No: TX21P027501-07 CFFP (Yes/ No): Replacement Housing Factor Grant No:			Federal FFY of Grant: 2007		
Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised ¹	Funds Obligated ²	Funds Expended ²	
TX027-HA Wide	Operations: General operations	1406		0.00	35,000.00	0.00	0.00	0% complete
	Management Improvements:	1408						
	Purchase software for computers & phone equip	1408		3,000.00				
	Provide for 5-Year Plan Consulting	1408		1,500.00				
	Provide Training for Executive Director/Staff	1408		12,443.00				
	Subtotal	1408		16,943.00	16,943.00	0.00	0.00	0% complete
	Administration:	1410						
	Part-time help during CFP, including non-technical	1410		5,636.00				
	Sundry	1410		4,000.00				
	Subtotal	1410		9,636.00	9,636.00	0.00	0.00	0% complete
	Audit Cost - Audit Fees	1411		10,000.00	10,000.00	0.00	0.00	0% complete
	Fees and Costs - Architect fees	1430		5,000.00	25,000.00	0.00	0.00	0% complete
	Site Improvement:	1450		40,000.00	40,000.00	0.00	0.00	0% complete
	Sidewalks; Roads; Parking areas;							

	Fencing; General per needs assessment							
	Dwelling Structures:	1460		89,099.00	100,099.00	0.00	0.00	0% complete
	Labor & material for HVAC, tubs, sinks, range hoods, windows & flooring in dwelling units							
	Dwelling Equipment	1465	20	11,000.00				
	Purchase refrigerators; ranges							
	Subtotal			11,000.00	11,000.00	0.00	0.00	0% complete

¹ To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

² To be completed for the Performance and Evaluation Report.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part II: Supporting Pages								
PHA Name: Housing Authority of the City of McKinney		Grant Type and Number Capital Fund Program Grant No: TX21P027501-07 CFFP (Yes/ No): Replacement Housing Factor Grant No:			Federal FFY of Grant: 2007			
Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised ¹	Funds Obligated ²	Funds Expended ²	
TX027-HA Wide	Non-Dwelling Structures	1470		56,392.00	16,392.00	0.00	0.00	0% complete
	Multi-purpose/Recreation Facility/Recreation Equipment							
	Non-Dwelling Equipment	1475		37,870.00	11,870.00	0.00	0.00	0% complete
	Maintenance Truck							
	GRAND TOTAL			275,940.00	275,940.00			

¹ Obligation and expenditure end dated can only be revised with HUD approval pursuant to Section 9j of the U.S. Housing Act of 1937, as amended.

Part I: Summary	
PHA Name: Housing Authority of the City of McKinney	Grant Type and Number Capital Fund Program Grant No: TX21P027501-06 Replacement Housing Factor Grant No: Date of CFFP:
FFY of Grant: 2006 FFY of Grant Approval: 2006	

Type of Grant
 Original Annual Statement
 Reserve for Disasters/Emergencies
 Revised Annual Statement (revision no:)
 Performance and Evaluation Report for Period Ending: 03/24/2009
 Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) ³				
3	1408 Management Improvements	16,943.00	23,978.00	23,978.00	18,484.68
4	1410 Administration (may not exceed 10% of line 21)	17,372.00	7,881.00	7,881.00	0.00
5	1411 Audit	5,000.00	5,000.00	5,000.00	5,000.00
6	1415 Liquidated Damages				
7	1430 Fees and Costs	10,000.00	21,950.00	21,950.00	0.00
8	1440 Site Acquisition				
9	1450 Site Improvement	40,000.00	44,067.00	44,067.00	8,844.86
10	1460 Dwelling Structures	75,000.00	104,095.00	104,095.00	38,281.91
11	1465.1 Dwelling Equipment—Nonexpendable	11,000.00	45,059.00	45,059.00	14,003.96
12	1470 Non-dwelling Structures	56,392.00	17,547.00	17,547.00	2,149.49
13	1475 Non-dwelling Equipment	37,870.00	0.00	0.00	0.00
14	1485 Demolition				
15	1492 Moving to Work Demonstration				
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
 Capital Fund Program, Capital Fund Program Replacement Housing Factor and
 Capital Fund Financing Program

U.S. Department of Housing and Urban Development
 Office of Public and Indian Housing
 OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary						
PHA Name: Housing Authority of the City of McKinney		Grant Type and Number Capital Fund Program Grant No: TX21O027501-06 Replacement Housing Factor Grant No: Date of CFFP:			FFY of Grant:2006 FFY of Grant Approval: 2006	
Type of Grant						
<input type="checkbox"/> Original Annual Statement		<input type="checkbox"/> Reserve for Disasters/Emergencies		<input type="checkbox"/> Revised Annual Statement (revision no:)		
<input checked="" type="checkbox"/> Performance and Evaluation Report for Period Ending: 3/24/2009		<input type="checkbox"/> Final Performance and Evaluation Report				
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹		
		Original	Revised ²	Obligated	Expended	
18a	1501 Collateralization or Debt Service paid by the PHA					
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment					
19	1502 Contingency (may not exceed 8% of line 20)					
20	Amount of Annual Grant:: (sum of lines 2 - 19)	269,577.00	269,577.00	269,577.00	86,764.90	
21	Amount of line 20 Related to LBP Activities					
22	Amount of line 20 Related to Section 504 Activities					
23	Amount of line 20 Related to Security - Soft Costs					
24	Amount of line 20 Related to Security - Hard Costs					
25	Amount of line 20 Related to Energy Conservation Measures					
Signature of Executive Director			Date	Signature of Public Housing Director		

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Part II: Supporting Pages								
PHA Name: Housing Authority of the City of McKinney			Grant Type and Number Capital Fund Program Grant No: TX21P027501-06 CFFP (Yes/ No): Replacement Housing Factor Grant No:			Federal FFY of Grant: 2006		
Development Number Name/PHA-Wide Activities	General Description of Major Work Categories	Development Account No.	Quantity	Total Estimated Cost		Total Actual Cost		Status of Work
				Original	Revised ¹	Funds Obligated ²	Funds Expended ²	
TX027-HA Wide	Management Improvements:	1408		16,943.00	23,978.00	23,978.00	18,484.68	109% complete
	Computer replacements; network; phone and software support; Staff training							
	Administration:							
	Non-technical administrative support	1410		17,372.00	7,881.00	7,881.00	0.00	0% complete
	Audit Cost - Audit Fees	1411		5,000.00	5,000.00	5,000.00	5,000.00	100% complete
	Fees and Costs - Architect fees	1430		10,000.00	21,950.00	21,950.00	0	0% complete
	Site Improvement:	1450		40,000.00	44,067.00	44,067.00	8,844.86	22% complete
	Siding replacement; Fencing; Water main repairs							
	Dwelling Structures:	1460		75,000.00	104,095.00	104,095.00	38,281.91	51% complete
	Furnace parts; Countertops; HVAC Preventative Maintenance; Range hoods; Sinks; Plumbing fixtures							
	Dwelling Equipment	1465		11,000.00	45,059.00	45,059.00	14,003.96	127% complete
	Ranges; Refrigerators							

¹ To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

² To be completed for the Performance and Evaluation Report.

Part I: Summary	
PHA Name: Housing Authority of the City of McKinney	Grant Type and Number Capital Fund Program Grant No: TX21S02750109 Replacement Housing Factor Grant No: Date of CFFP:
FFY of Grant: 2009 FFY of Grant Approval: 2009	

Type of Grant
 Original Annual Statement Reserve for Disasters/Emergencies Revised Annual Statement (revision no:)
 Performance and Evaluation Report for Period Ending: 7/16/09 Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) ³				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures	343,674			
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration				
16	1495.1 Relocation Costs				
17	1499 Development Activities ⁴				

¹ To be completed for the Performance and Evaluation Report.

² To be completed for the Performance and Evaluation Report or a Revised Annual Statement.

³ PHAs with under 250 units in management may use 100% of CFP Grants for operations.

⁴ RHF funds shall be included here.

Part I: Summary					
PHA Name: Housing Authority of the City of McKinney	Grant Type and Number Capital Fund Program Grant No: TX21S02750109 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant:2009 FFY of Grant Approval: 2009			
Type of Grant					
<input checked="" type="checkbox"/> Original Annual Statement		<input type="checkbox"/> Reserve for Disasters/Emergencies		<input type="checkbox"/> Revised Annual Statement (revision no:)	
<input type="checkbox"/> Performance and Evaluation Report for Period Ending:		<input type="checkbox"/> Final Performance and Evaluation Report			
Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost ¹	
		Original	Revised ²	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	343,674			
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				
Signature of Executive Director		Date		Signature of Public Housing Director	
				Date	

¹ To be completed for the Performance and Evaluation Report.

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⁴ RHF funds shall be included here.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

REPORT ON FINANCIAL STATEMENTS

(With Supplemental Material)

FOR THE YEAR ENDED JUNE 30, 2008

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

17014 Seven Pines Drive

Spring, Texas 77379

(281) 379-1065

(281) 379-6322 (fax)

RICHARD W. BREEDLOVE, CPA
President

INDEPENDENT AUDITORS' REPORT

May 28, 2009

The Board of Commissioners
Housing Authority of the City of McKinney, Texas
McKinney, Texas

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of McKinney, Texas, as of and for the year ended June 30, 2008, which collectively comprise the PHA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the PHA's management. Our responsibility is to express an opinion on these basic 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 basic 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 McKinney, Texas, as of June 30, 2008, and the respective changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2009, on our consideration of the Housing Authority of the City of McKinney, Texas's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Housing Authority of the City of McKinney, Texas taken as a whole. The accompanying financial data schedule and the other supplemental information, as well as the accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis or as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sweeney & Co., P.C.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS
Management's Discussion and Analysis
June 30, 2008

Management's discussion and analysis (MD&A) of the Housing Authority of the City of McKinney's financial performance provides the reader with an overview of the Authority's financial activities for the fiscal year ended June 30, 2008. The information contained in this MD&A should be considered in conjunction with the Authority's basic financial statements which begin on page 7.

Basic Financial Statements

The purpose of financial reporting is to provide external parties that read these financial statements with information that will help them to make decisions or draw conclusions about the Authority. The Authority accounts for its activities, which are similar to business type activities in the private sector, utilizing a proprietary type fund. The accounting objectives of a proprietary type fund are the determination of net income, financial position, and cash flows.

The focus of the basic financial statements is on the overall financial position and activities of the Authority. The financial statements are prepared using the accrual basis of accounting which means that revenues are recognized when earned and expenses recorded when incurred. Assets and liabilities are segregated into short term, generally realized within a year or less, and long term.

The financial statements financial statements consist of three statements:

The *Statement of Net Assets* presents information as of the end of the fiscal year on all the Authority's assets and liabilities with the difference between the two reported as net assets. Net assets is similar to the total owners' equity presented by a commercial enterprise.

The *Statement of Revenues, Expenses, and Changes in Fund Assets* presents the results of operations, net income or loss, of the Authority and any other increases or decreases in net assets for the fiscal year.

The *Statement of Cash Flows* presents information which reflects how the Authority's cash changed during the fiscal year. It shows the sources and uses of cash.

Also included as an integral part of these basic financial statements are the accompanying notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS
Management's Discussion and Analysis-continued
June 30, 2008

Financial Highlights

The following presents condensed financial information for the current year with comparative information for the prior year:

	Prior Year - PH	Current Year
Total Current Assets	361,764	1,946,949
Total Fixed Assets	3,919,562	2,877,580
Total Assets	4,281,326	4,824,529
Current Liabilities	256,720	374,757
Long Term Liabilities	0	35,437
Total Liabilities	256,720	410,194
Total Net Assets	4,024,606	4,414,335
Total Liabilities & Equity	4,281,326	4,824,529
Tenant Revenues	467,612	372,837
Government Grants & Subsidies	2,837,073	3,558,576
Nonoperating Revenues	42,612	103,336
Total Revenues	3,347,297	4,034,749
Administrative Expenses	782,968	714,318
Tenant Services	45,570	25,194
Utilities	177,835	120,313
Maintenance	407,477	400,110
General	97,376	181,797
Housing Assistance Payments	2,081,261	2,059,006
Depreciation	485,203	444,030
Total Expenses	4,077,690	3,944,768
Total Non-operating revenues (expenses)	40,014	6,089
Capital Contributions - Capital grants (HUD)	5,018	10,933
McKinney Housing Opportunity Corp Beg Net Assets @ 7/07	655,560	0
Change in Net Assets	-685,361	144,936
Ending Net Assets	4,024,606	4,414,335

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS
Management's Discussion and Analysis-continued
June 30, 2007

Financial Highlights-continued

From a financial totals perspective, the state of the agency did change significantly from fiscal year end 2007 to the current year. Independently, areas of significant change included: increased Cash and Cash Equivalents by 188%; increased Inter-program due from by 100%; increased Accrued Compensated Absences by 340%; increased PILOT by 100%; increased Non-Current Liabilities by 100%; increased Restricted Net Assets by 100%; increased Unrestricted Net Assets by 973%; increased Operating Subsidy by 25% and the 100% reduction of the McKinney Housing Opportunities Corporation Beginning Net Assets.

Throughout fiscal year 2007 – 2008, much detail was given to the overall reduction in expenses and in increases in rent collection. Additionally, the component unit, McKinney Housing Opportunities Corporation (MHOC), was severed from the agency as a component unit at mid-fiscal year.

PILOT has been waived in previous years. However, due to weakened conditions in the economy, the City of McKinney was not able to waive the PILOT for fiscal year 2008.

Overall, current assets increased as a result of the inter-program assets due from MHOC, while the fixed assets decreased as a result of no Construction in Progress Capital Fund items as in the previous fiscal year.

Increased liabilities, particularly long term, resulted from accrued compensated absences, particularly related to the retirement of a tenured employee. This retirement was also directly related to the overall decrease in administrative expenses.

McKinney Housing Authority participated in the Disaster Housing Assistance Program, resulting in increases in government grants and subsidies. Some 45 families were assisted with housing rental and case management assistance through this program.

McKinney Housing Authority continued to administer 345 Housing Choice Vouchers; managed 201 Public Housing units; serviced some 20 survivor families of Hurricanes Katrina and Rita through the DVP and assisted some 45 families through the Disaster Housing Assistance Program.

Capital Assets and Long-term Debt Activities

The Authority did not acquire any major capital assets, while the long-term debt resulted from compensated absences of a retiring employee.

Relevant Current Economic Factors, Decisions and Conditions

The overall financial condition of fiscal year end 2008 continued to be laden with challenges. Administratively, significant challenges were met through meeting the needs of the aging properties, addressing the accounting concerns that resulted from establishing a fully staffed accounting office, as well as contracting with a fee accountant. Overall, policies and procedures that would impact every aspect of the agency continued to be addressed for the overall health of the agency.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS
Management's Discussion and Analysis-continued
June 30, 2007

By severing the formal board relationship with the McKinney Housing Opportunities Corporation as a component unit of McKinney Housing Authority, this has assisted in bringing closure to the Office of Inspector General audit findings. The establishment of solid internal controls via policies and procedures has been critical in the recovery of many of the conditions that remained in fiscal year in 2008.

Requests for Information

This financial report is designed to provide various interested parties with a general overview of the Authority's finances. If you have questions about this report or need additional information, contact the Authority's office at 972-542-5641.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS	Housing Enterprise Fund	Component Unit
	<u>Fund</u>	<u>Unit</u>
Current Assets		
Cash and cash equivalents	\$ 898 550	\$ 95 344
Accounts receivable - HUD	4 030	-
Accounts receivable - tenants -net of allowance of \$1,560	6 240	-
Accounts receivable - other government	41 582	-
Accrued interest receivable	1 174	-
Prepaid expenses	7 097	-
Inventory-net of allowance for obsolescence of \$4,093	16 371	-
Inter-program due from	971 905	-
Total Current Assets	<u>1 946 949</u>	<u>95 344</u>
Fixed Assets net of accumulated depreciation of \$8,286,374	<u>2 877 580</u>	<u>590 995</u>
 Total Assets	 <u>\$ 4 824 529</u>	 <u>\$ 686 339</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 22 976	\$ 4 465
Accrued compensated absences	51 701	398
Accounts payable-HUD	207 118	-
Tenant security deposits	12 849	2 601
Accrued PILOT	24 600	-
Deferred revenue	28 590	368
Other current liabilities	26 923	238
Total Current Liabilities	<u>374 757</u>	<u>8 070</u>
Accrued compensated absences-non-current	35 437	3 580
Inter-program due to	-	971 905
Total liabilities	<u>410 194</u>	<u>983 555</u>
Net Assets		
Invested in capital assets, net of related debt	2 877 580	590 995
Restricted	432 362	-
Unrestricted	1 104 393	(888 211)
Total Net Assets	<u>4 414 335</u>	<u>(297 216)</u>
 Total Liabilities and Net Assets	 <u>\$ 4 824 529</u>	 <u>\$ 686 339</u>

See the Accompanying Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

	Housing Enterprise <u>Fund</u>	Component <u>Unit</u>
Operating Revenues		
Dwelling rental	\$ 355 939	\$ 91 241
Tenant other charges	16 898	-
Operating subsidy and grants	3 558 576	-
Other revenues	<u>103 336</u>	<u>13 025</u>
Total Operating Revenues	<u>4 034 749</u>	<u>104 266</u>
 Operating Expenses		
Administrative	714 318	35 504
Utilities	120 313	11 054
Maintenance	400 110	38 395
Protective services	25 194	-
General	181 797	12 604
Housing assistance payments	2 059 006	-
Depreciation	<u>444 030</u>	<u>15 016</u>
Total Operating Expenses	<u>3 944 768</u>	<u>112 573</u>
 Net Income (Loss) from Operations	<u>89 981</u>	<u>(8 307)</u>
 Non-operating revenues (expenses)		
Interest income-unrestricted	5 590	194
Interest income-restricted	611	-
Interest expense	<u>(112)</u>	<u>-</u>
Total Non-operating revenues (expenses)	<u>6 089</u>	<u>194</u>
 Capital Contributions		
Capital grants-HUD	<u>10 933</u>	<u>-</u>
 Change in Net Assets	107 003	(8 113)
 Total Net Assets-Beginning of Period	4 269 399	(244 793)
Current Period Changes in Equity		
Adjustment for change in accounting period		(6 377)
Prior period adjustment	<u>37 933</u>	<u>(37 933)</u>
 Total Net Assets - End of Period	<u>\$ 4 414 335</u>	<u>\$ (297 216)</u>

See the Accompanying Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	Housing Enterprise Fund	Component Unit
	<u> </u>	<u> </u>
Cash Flows from Operating Activities:		
Cash Received:		
Tenant revenue	\$ 361 790	\$ 92 749
Operating subsidies and CFP soft costs	3 542 205	-
Other revenue	103 423	15 596
Cash paid:		
Administrative and general	(720 174)	(39 047)
Tenant services	(25 194)	-
Utilities	(120 313)	(11 054)
Maintenance	(400 110)	(38 395)
Housing assistance payments	<u>(2 059 006)</u>	<u>-</u>
Net cash provided by operating activities	<u>682 621</u>	<u>19 849</u>
 Cash Flow from Capital and Related Financing Activities:		
Purchase of capital assets	(11 682)	(5 194)
Proceeds from capital grants	10 933	-
Prior period adjustment-transfer of cash	<u>37 933</u>	<u>(37 933)</u>
Net cash provided/(used)for capital & related financing activities	<u>37 184</u>	<u>(43 127)</u>
 Cash Flow From Investing Activities:		
Cash received for interest income	<u>6 089</u>	<u>194</u>
Net cash provided by investing activities	<u>6 089</u>	<u>194</u>
 Net Increase (Decrease) In Cash and Cash Equivalents	725 894	(23 084)
 Cash and Cash Equivalents At Beginning of Year	<u>172 656</u>	<u>118 428</u>
Cash and Cash Equivalents At End of Year	<u>\$ 898 550</u>	<u>\$ 95 344</u>

See the Accompanying Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)

	Totals Reporting Entity <u>memo only</u>	Totals Reporting Entity <u>memo only</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Net Income (Loss) from Operations	\$ 89 981	\$ (8 307)
Noncash Changes to Income:		
Depreciation	444 030	15 016
Adjustment for change in accounting period		(6 377)
Changes in Assets and Liabilities:		
Net (Increase) Decrease in Assets:		
Accounts receivable-net	(3 950)	1 508
Prepaid expenses	(7 097)	-
Inventories	(16 371)	-
Inter-program due from	87	8 948
Net Increase (Decrease) in Liabilities:		
Accounts payable	140 505	5 481
Accrued compensated absences-non-current	<u>35 436</u>	<u>3 580</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 682 621</u>	<u>\$ 19 849</u>

See the Accompanying Notes to Financial Statements

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2008

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Public Housing Authority (PHA) is a non-profit governmental organization with a five-member board of directors which was organized under the laws of the State to provide housing for qualified individuals in accordance with the rules and regulations prescribed by HUD. It is located in McKinney, Texas and has 201 conventional low-income public housing units and 345 Section 8 vouchers as well as the McKinney Housing Opportunity Corporation (MHOC). The following is a summary of the more significant accounting policies.

A. Reporting Entity – The PHA’s financial statements include all of the housing authority’s operations other than its component unit under one Housing Enterprise Fund. The PHA’s operations receive funding from the following federal grant sources through HUD:

- Low Rent Public Housing Subsidy
CFDA # 14.850(a) – Grant number – TX02700108D
- Section 8 Housing Choice Voucher Program
CFDA # 14.871 – Grant number – TX489VO
- Capital Funding Program
CFDA # 14.872 – Grant number – TX21P02750106
Grant number – TX21P02750105
Grant number – TX21P02750104
Grant number – TX21P02750203

For the fiscal year ended June 30, 2008 the PHA also received additional funding under the Disaster Voucher Program and Disaster Housing Assistance Program.

The criteria for including organizations as component units within the PHA’s reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board’s (GASB) *Codification of Government Accounting and Financial Reporting Standards*, include whether:

- a. The organization is legally separate (can be sued in their own name).
- b. The PHA holds the corporate powers of the organization.
- c. The PHA appoints a voting majority of the organization’s board.
- d. The organization has the potential to impose a financial benefit/burden on the PHA.
- e. There is fiscal dependency by the organization on the PHA.

Based on these criteria, the McKinney Housing Opportunities Corporation is a component unit of the PHA.

Discretely Presented Component Units. – The component unit column in the basic financial statements includes the financial data of the PHA’s discrete component unit. McKinney Housing Opportunities Corporation, the Component Unit, has a December 31 year-end and is therefore reported as a discretely presented component unit. The information reported for the component unit is for the twelve month period ending December 31, 2007. As of January 1, 2008, the formal board relationship with McKinney Housing Opportunities Corporation was severed. The component unit now has a separate Board of Directors.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(Continued)

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The PHA's activities are business-type in nature and the PHA does not engage in any governmental-type activities. As a result, government-wide financial statements which distinguish between governmental and business-type activities are not required. Accordingly, the basic financial statements and required supplementary information (RSI) of the PHA consist of Management's Discussion and Analysis (MD&A), Statement of Net Assets, Statement of Revenues, Expenses and Change in Net Assets, Statement of Cash Flows, Notes to the Financial Statements and Budget Comparison.

For financial reporting purposes, all activities of the PHA are accounted for in one housing enterprise (proprietary) fund.

C. Measurement Focus and Basis of Accounting - The PHA uses the Proprietary Fund method of accounting as prescribed by GASB. The Proprietary Fund method uses the economic resources measurement focus. The accounting objectives are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the statement of net assets. Proprietary net assets are segregated into Invested in Capital Assets Net of Related Debt, Restricted Net Assets, and Unrestricted Net Assets.

The accrual basis of accounting is used in proprietary fund types. The accrual basis of accounting recognizes revenues when earned. Expenses are recognized in the period incurred. Operating revenues and expenses generally result from providing services and delivering goods in connection with a Proprietary Fund's ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the PHA are tenant revenues and the moneys provided by the U.S. Department of Housing and Urban Development (HUD). The operating expenses of the PHA consist primarily of administrative costs, utilities, maintenance and general expenses for the public housing program and Housing Assistance Payments (HAP) and related administrative costs for the HUD Section 8 programs. All programs also included depreciation in their operating expenses.

The PHA applies all applicable GASB pronouncements. The PHA has elected not to apply FASB Statements of Interpretations issued after November 30, 1989.

D. Cash and Investments - The proprietary fund types consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Liquid investments with a maturity of over three months when purchased are considered to be investments. Cash consists of checking accounts and certificates of deposit. The PHA invests in instruments whose values are not subject to market fluctuations and are carried at cost plus accrued interest.

E. Inventories – Inventories are recorded at the lower of cost or market on a first-in, first-out basis.

F. Compensated Absences - Employees are granted vacation and sick leave benefits depending on tenure with the PHA. Generally, after one year of service, employees are entitled to their accrued vacation leave upon termination. This amount is charged to expense and a corresponding liability is established when earned.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(Continued)

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation - Land, structures and equipment are stated at historical cost. Individual assets that exceed a Board approved threshold limit are capitalized and depreciated while smaller assets are expensed as consumable supplies. Donated assets are stated at their fair market value on the date donated. Depreciation is computed using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

Site improvements	25 years
Buildings	40 years
Building improvements	25 years
Non-dwelling structures	40 years
Equipment	5 to 10 years

H. Budgetary Data - The PHA is required by its HUD Annual Contributions Contract to adopt an annual budget for the Low-Rent Housing Program.

The PHA is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to non-routine expenditures.

I. Tenant Receivables - Receivables for rentals and service charges are reported in the Housing Enterprise Fund, net of allowance for doubtful accounts.

J. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE (2) DEPOSITS AND INVESTMENTS

The Housing Enterprise Fund had a total of \$898,550 in cash and cash equivalents at June 30, 2008. Of this amount, deposits with a carrying value of \$79,090 were in Certificates of Deposit, \$819,260 was in checking and money market accounts and \$200 was cash on hand. Certificates of Deposit are considered to be a cash equivalent.

The PHA's funds are required to be deposited and invested under the terms of a depository agreement which requires deposits over FDIC limits to be secured with securities held by the financial institution. The largest balance at First Bank was \$1,090,074 on March 3, 2008. The largest cash balance at Chase Bank was \$206,097 on January 9, 2008. These funds were secured by FDIC coverage and by pledged collateral held by the contracted bank in the PHA's name. In October 2007 and in January 2008 there were funds in First Bank that were not fully covered by pledged collateral, and the bank corrected that situation for subsequent months.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(Continued)

NOTE (2) DEPOSITS AND INVESTMENTS (Continued)

The PHA's deposits are categorized at year end to give an indication of the level of risk assumed by the PHA at year end. These categories are as follows:

Insured	\$ 200 000
Collateralized:	
Collateral held by financial institution in the PHA's name	698 550
Uninsured and uncollateralized	<u> -</u>
 Total Cash	 <u><u>\$ 898 550</u></u>

NOTE (3) LAND, STRUCTURES AND EQUIPMENT

Land, structures and equipment reported in the PHA are as follows:

Housing Enterprise Fund

	Balances July 1, 2007	Additions (Dispositions)	Depreciation	Balances June 30, 2008
Land	\$ 26 918	\$ -	\$ -	\$ 26 918
Buildings	10 413 310	265 674	-	10 678 984
Furniture and Equipment	364 164	(21 935)	-	342 229
Leasehold Improvements	-	33 408	-	33 408
Construction in Progress	292 179	(292 179)	-	-
Accumulated Depreciation	<u>(7 775 512)</u>	<u>15 583</u>	<u>(444 030)</u>	<u>(8 203 959)</u>
Totals	<u><u>\$ 3 321 059</u></u>	<u><u>\$ 551</u></u>	<u><u>\$ (444 030)</u></u>	<u><u>\$ 2 877 580</u></u>

Component Unit

	Balances January 1, 2007	Additions (Dispositions)	Depreciation	Balances December 31, 2007
Land	\$ 75 116	\$ -	\$ -	\$ 75 116
Buildings	397 874	-	-	397 874
Furniture and Equipment	-	2 599	-	2 599
Leasehold Improvements	3 024	2 595	-	5 619
Construction in Progress	192 202	-	-	192 202
Accumulated Depreciation	<u>(67 399)</u>	<u>-</u>	<u>(15 016)</u>	<u>(82 415)</u>
Totals	<u><u>\$ 600 817</u></u>	<u><u>\$ 5 194</u></u>	<u><u>\$ (15 016)</u></u>	<u><u>\$ 590 995</u></u>

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(Continued)

NOTE (3) LAND, STRUCTURES AND EQUIPMENT (Continued)

All land, buildings and improvements are encumbered by a declaration of trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

NOTE (4) FEDERAL GRANTS

In the normal course of operations, the PHA receives grant funds from various governmental agencies. These grant programs are subject to audit by agents of the granting agency, the purpose of which is to ensure compliance with the provisions of the granting agency. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE (5) RETIREMENT PLAN

The PHA participates in a defined contribution plan administered by First Bank Trust Division. The plan complies with IRS regulations and can be amended by the Board pursuant to applicable IRS guidelines.

The PHA is required to contribute 8.5% of annual covered payroll. Employee contributions are discretionary. For the fiscal year, actual contributions by the PHA were \$38,069.

Employees vest as follows:

After one year of service	20%
After two years of service	40%
After three years of service	60%
After four years of service	80%
After five years of service	100%

NOTE (6) INTER-PROGRAM RECEIVABLES AND PAYABLES

Inter-program receivables and payables have been offset in the basic financial statements and consist of the following:

<u>Program</u>	<u>Receivables</u>	<u>Payables</u>
Low Rent	\$ 928 809	\$ (25 089)
Capital Fund	-	-
Voucher Fund	133 675	(70 898)
KDHAP	66 365	(53 274)
DHAP	3 312	(12 216)
DVP	67 586	(66 365)
MHOC	<u>-</u>	<u>(971 905)</u>
Totals	<u>\$ 1 199 747</u>	<u>\$ (1 199 747)</u>

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(Continued)

NOTE (7) TRANSFERS TO MCKINNEY HOUSING OPPORTUNITIES CORPORATION

In prior years, the PHA transferred funds from its low rent operating reserve to McKinney Housing Opportunities Corporation in violation of its annual contributions contract. On January 7, 2008 the Office of the Inspector General (OIG) released their audit report stating, in part, that the Housing Authority of the City of McKinney, Texas inappropriately provided \$915,487 in funds and real estate to its not-for-profit affiliate. The OIG recommended McKinney Housing Opportunities Corporation (The Component Unit) reimburse the low-rent housing program \$915,487. The PHA has recorded the inter-program receivable from the Component Unit on their books as of June 30, 2007. The PHA's response to the recommendation of the OIG stated that the appropriate assets of the Component Unit would be transferred to the PHA. An independent appraisal of the Component Unit's properties was commissioned and completed on December 21, 2007.

After further research, the PHA found that a portion of the identified balance owed had been repaid by the Component Unit, leaving an amount to be repaid of \$609,629. This amount, however, was rejected by HUD. As of January 1, 2008, the formal board relationship with the component unit was severed. The component unit now has a separate Board of Directors and considers itself a separate entity.

NOTE (8) CONTINGENT LIABILITY

The audit report released on January 7, 2007 by the Office of the Inspector General also contained a finding that the PHA did not comply with requirements when it made \$79,059 in housing assistance payments to the Component Unit between January 1, 2005 and June 15, 2007. HUD regulations allowed the PHA, with HUD approval, to make the payments if an independent entity determined the fair market rent and inspected the units for compliance with housing quality standards. The OIG report requires the PHA to support the housing assistance payments. If the PHA cannot support the payments they may have to repay HUD for payments made. The PHA has supported the payments they made and the Office of the Inspector General has cleared this finding.

NOTE (9) PRIOR PERIOD ADJUSTMENT

The Component Unit reimbursed the PHA \$37,933 in fiscal year 2008 for salaries and other expenses that the PHA should have charged the Component Unit for in the prior fiscal year. A prior period adjustment has been recorded to adjust the equity of both the PHA and the Component Unit for the fiscal year ending June 30, 2008 and December 31, 2007, respectively.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

(Continued)

NOTE (10) CHANGE IN ACCOUNTING PERIOD FOR COMPONENT UNIT

McKinney Housing Opportunities Corporation (Component Unit) has a fiscal year end of December 31. In the audit for the period ending June 30, 2007, information for the Component unit was reported for the fiscal year of July 1, 2006 through June 30, 2007. For the period ending June 30, 2008, financial information for the Component Unit is reported for the period January 1, 2007 through December 31, 2007 to be consistent with the fiscal year end of the Component Unit. This change has resulted in a change of \$6,377 in equity to adjust beginning equity at June 30, 2007 for amounts reported in the prior audit that are also included in the amounts reported for the audit of the period ending December 31, 2007. As of January 1, 2008, the formal board relationship with the component unit was severed. The component unit now has a separate Board of Directors.

NOTE (11) DEFICIT NET ASSETS

A net asset deficit of \$297,216 exists in the component unit. This is the result of booking the inter-program liability for \$915,487 for funds transferred from low rent program operating reserves.

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
17014 Seven Pines Drive
Spring, Texas 77379
(281) 379-1065
(281) 379-6322 (fax)

RICHARD W. BREEDLOVE, CPA
President

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

May 28, 2009

Board of Commissioners
Housing Authority of the City of McKinney, Texas
McKinney, Texas

We have audited the basic financial statements of the Housing Authority of the City of McKinney, Texas as of and for the year ended June 30, 2008, and have issued our report thereon dated May 28, 2009. 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

The management of the Housing Authority of the City of McKinney, Texas is responsible for establishing and maintaining effective internal control. In planning and performing our audit, we considered the Housing Authority of the City of McKinney, Texas's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of McKinney, Texas's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies at 2008-B.1, described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first

paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-B.1 to be a material weakness.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of McKinney, Texas's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2008- B.1.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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.

Sreedhar & Co., P.C.

BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
17014 Seven Pines Drive
Spring, Texas 77379
(281) 379-1065
(281) 379-6322 (fax)

RICHARD W. BREEDLOVE, CPA
President

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 28, 2009

Board of Commissioners
Housing Authority of the City of McKinney, Texas
McKinney, Texas

Compliance

We have audited the compliance of the Housing Authority of the City of McKinney, Texas 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 June 30, 2008. The Housing Authority of the City of McKinney, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of McKinney, Texas's management. Our responsibility is to express an opinion of their compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of McKinney, Texas'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 on the Housing Authority of the City of McKinney, Texas's compliance with those requirements.

As described in item 2008-C.1 in the accompanying schedule of findings and questioned costs, the Housing Authority of the City of McKinney, Texas did not comply with requirements regarding transfer of funds from low rent reserves that are applicable to its Low rent program, CFDA #14.850. As described in item 2008-C.4 in the accompanying schedule of findings and questioned costs, the PHA did not comply with requirements regarding documentation required for determination of eligibility for assistance that are applicable to its Voucher Program, CFDA #14.871 and the Disaster Housing Assistance Program, CFDA #97.109. Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of McKinney to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Housing Authority of the City of McKinney, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year June 30, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2008-C.2.

Internal Control over Compliance

The management of the Housing Authority of the City of McKinney, Texas is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of McKinney, Texas's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of McKinney, Texas's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency is an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-C.1, 2008-C.3, and 2008-C.4 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 2008-C.1, 2008-C.3, and 2008-C.4 to be material weaknesses.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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.

Sreedhar & Co., P.C.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION-BUDGETARY COMPARISON-
LOW RENT PROGRAM
JUNE 30, 2008

	Operating Fund		
	Original and Final Budget *	Actual	Variance Positive (Negative)
Operating Revenues			
Dwelling Rental	\$ 372 570	\$ 372 837	\$ 267
Other Revenues	39 392	96 510	57 118
Operating Subsidy	<u>600 292</u>	<u>631 520</u>	<u>31 228</u>
Total Operating Revenues	<u>1 012 254</u>	<u>1 100 867</u>	<u>88 613</u>
 Operating Expenses			
Administrative	363 316	397 663	(34 347)
Utilities	171 100	120 313	50 787
Protective Services	-	25 194	(25 194)
Maintenance	336 209	363 508	(27 299)
General	<u>141 222</u>	<u>162 199</u>	<u>(20 977)</u>
Total Operating Expenses	<u>1 011 847</u>	<u>1 068 877</u>	<u>(57 030)</u>
 Residual Receipts (Deficit)	<u>\$ 407</u>	<u>\$ 31 990</u>	<u>\$ 31 583</u>

* Budget was not amended during the year. Therefore, the original is the same as the final budget.

SUPPLEMENTAL SCHEDULES

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

A. SUMMARY OF AUDITORS RESULTS

1. We issued an unqualified opinion on the financial statements for the fiscal year ended June 30, 2008.
2. There are significant deficiencies in internal control that are disclosed by our audit of the financial statements that are considered material weaknesses.
3. Our audit disclosed noncompliance that is material to the financial statements.
4. There are significant deficiencies in internal control over major programs disclosed by our audit that are considered material weaknesses.
5. Our report on compliance for major programs was qualified.
6. Our audit disclosed findings required to be reported by Section 510(a) of OMB Circular A-133.
7. The Low Rent Housing Program CFDA #14.850, Housing Voucher Program CFDA #14.871 and the Disaster Housing Assistance Program CFDA #97.109 were identified as major programs.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditee did not qualify as a low-risk auditee.

CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Finding #2008 B.1 – Lack of policies and procedures to capture information from the software used for tenant billing and receipts in the financial reporting software.

Low rent program – CFDA #14.850

Significant deficiency, material weakness.

Condition: The PHA uses a separate software program for tenant billing and receipts than the software program used for financial reporting. Transactions affecting the financial reporting system and the tenant billing software are not always reconciled on a timely basis.

Criteria or Specific Requirement: Internal control over all financial areas should be provided to expedite the flow of work and to ensure that the recorded transactions accurately present the receipt, use, and disposition of all money and property for which the PHA is accountable.

Questioned Costs: Not Applicable.

Cause: Lack of policies and procedures to ensure information flows seamlessly between the two systems.

Effect: The PHA does not have controls in place to ensure financial information from the tenant billing system is recorded in the financial reporting system. An understatement or overstatement of accounts receivables from tenants could occur in either system as a result lack of policies and procedures.

Recommendation: The PHA should develop policies and procedures to ensure information from the financial reporting system and the tenant billing system are captured in both systems.

Response: This matter is in the final stages of correction via the development of new software that is being developed in conjunction with established policies and procedures.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

(Continued)

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Finding #2008 C.1 - Transfer of low rent operating reserves.

Low rent program – CFDA #14.850

Significant deficiency, material weakness, and noncompliance material to major federal award programs

Condition: The prior audit contained a finding that in April 2003, the PHA Transferred certificates of deposit totaling \$395,866 to the McKinney Housing Opportunities Corporation, a non-profit corporation formed as an instrumentality of the PHA. The PHA did not obtain HUD approval for the transfer. The funds transferred were retained operating funds.

Further, a review of prior audits indicates that at least one prior transfer occurred in the year ended June 30, 2001 in the amount of \$291,144. On January 7, 2008 the Office of the Inspector General released their audit report stating, in part, that the Housing Authority of the City of McKinney, Texas inappropriately provided \$915,487 in funds and real estate to its not-for-profit affiliate.

Criteria or Specific Requirement: The PHA's annual contributions contract with HUD prohibits the transfer of funds from low rent reserves.

Questioned Costs: Not Applicable.

Cause: Unknown

Effect: Funds have been transferred from the low rent operating reserves in violation of the annual contributions contract.

Recommendation: The audit conducted by the Office of the Inspector general released on January 7, 2008 recommended McKinney Housing Opportunities Corporation (MHOC) reimburse the low-rent housing program \$915,487. The PHA's response to the recommendation stated that the appropriate assets of MHOC would be transferred to the PHA. An independent appraisal of MHOC's properties was commissioned and completed on December 21, 2007.

Response: After further review, McKinney Housing Authority found that a portion of the identified balance owed had been repaid by McKinney Housing Opportunities Corporation, leaving an amount to be repaid of \$609,629. This amount, however, was rejected by HUD. Approval to pursue litigation was provided by HUD. The legal opinion sought by McKinney Housing Authority was such that litigation was not recommended.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

(Continued)

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS (Continued)

Finding #2008 C.2 – Lack of adequate controls in place to ensure proper payments to landlords

DHAP program – CFDA #97.109

Noncompliance

Condition: The PHA does not have sufficient controls in place to ensure that housing assistance payments that are being paid to landlords are not greater than the higher of Fair Market Rent (FMR) published by HUD or the payment standard established by the PHA.

Criteria or Specific Requirement: Housing assistance payments must be made on the lesser of actual rent or the higher of Fair Market Rent (FMR) published by HUD or the payment standard established by the PHA.

Cause: Lack of policies and procedures to ensure that housing assistance payments are proper.

Effect: The PHA does not have sufficient controls in place to ensure that housing assistance payments are being made based on the higher of Fair Market Rent (FMR) published by HUD or the payment standard established by the PHA when actual rent is a larger amount. This could cause an overstatement in housing assistance expenses.

Population and Sample Size:

	<u>Number</u>	<u>Dollars</u>
Population	41	128 944
Sample	20	92 562
Not in Compliance	1	236
Questioned costs		<u>236</u>

Recommendation: The PHA should develop policies and procedures to ensure that housing assistance payments are being made based on the lesser of actual rent or fair market rent.

Response: At the beginning of the DHAP Program, a procedure was put in place to ensure accuracy. This matter is being reviewed by the Disaster Housing Assistance Program and internal Accounting offices.

Finding #2008 C.3 - Excessive bad debt write offs

Low rent program – CFDA #14.850

Significant deficiency, material weakness.

Condition: - At year end, the PHA had a bad debt write offs of \$47,395. This is an increase from the prior year of \$10,966.

Criteria or Specific Requirement: The PHA should have its Board of Commissioners review and approve write-offs on a regular basis.

Questioned Costs: Not Applicable.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

(Continued)

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS (Continued)

Finding #2008 C.3 - Excessive bad debt write offs (Continued)

Cause: Lack of follow up on tenants with bad debts

Effect: The PHA is not receiving the amount of rental revenue they should be receiving and uncollectible amounts are not written off in a timely manner.

Recommendation: The PHA should follow their Board approved Rent Collection/Eviction policy and rent collections should be monitored monthly.

Response: McKinney Housing Authority is now pursuing the debt through a designated staff person and more aggressive procedures prior to writing off the debt.

Finding #2008 C.4 – Eligibility documentation missing

Voucher program – CFDA # 14.871

Disaster Housing Assistance Program – CFDA # 97.109

Significant deficiency, material weakness, and noncompliance material to major federal award programs

Condition: The Housing Voucher program and the Disaster Housing Assistance program do not have adequate controls in place to determine that all documentation required for determination of eligibility for assistance programs has been completed, received and signed by the tenant. In addition, documentation of inspections were not found in some instances.

Criteria or Specific Requirement: OMB Circular A-133 establishes principles for determining eligibility for housing assistance. These principles are used by all PHA's in determining the tenant eligibility under voucher programs.

Cause: Inadequate internal controls.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

(Continued)

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS (Continued)

Finding #2008 C.4 – Eligibility documentation missing (Continued)

Effect: Without adequate internal controls the possibility exists that people that are not eligible for assistance could receive assistance and the cost of the assistance may be disallowed.

Housing Choice Vouchers

Population and Sample Size:

	<u>Number</u>	<u>Dollars</u>
Population	365	2 212 767
Sample	25	142 356
Not in Compliance	6	15 721
Questioned costs		<u>15 721</u>

Disaster Housing Assistance Program

Population and Sample Size:

	<u>Number</u>	<u>Dollars</u>
Population	41	128 944
Sample	20	92 562
Not in Compliance	5	12 334
Questioned costs		<u>12 334</u>

Recommendation: We recommend the PHA establish controls to ensure all documentation is received and complete so that only eligible people are admitted into assistance programs.

Response: In conjunction with SEMAP procedures, the Housing Choice Vouchers are being monitored more regularly. As for the Disaster Housing Assistance Program, eligibility was determined by an outside entity and not McKinney Housing Authority staff per HUD.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

(Continued)

D. STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

1. The prior audit report contained the following findings:

Finding 2007 C.1 -Transfer of Low rent operating reserves - Low rent program – CFDA#14.850.— Repeat finding. See #2008-C.1.

Condition: The prior audit contained a finding that in April 2003, the PHA Transferred certificates of deposit totaling \$395,866 to the McKinney Housing Opportunities Corporation, a non-profit corporation formed as an instrumentality of the PHA. The PHA did not obtain HUD approval for the transfer. The funds transferred were retained operating funds.

Recommendation: The audit conducted by the Office of the Inspector general released on January 7, 2008 recommended McKinney Housing Opportunities Corporation (MHOC) reimburse the low-rent housing program \$915,487. The PHA's response to the recommendation stated that the appropriate assets of MHOC would be transferred to the PHA. An independent appraisal of MHOC's properties was commissioned and completed on December 21, 2007.

Current Status: McKinney Housing Authority found that a portion of the identified balance owed had been repaid by McKinney Housing Opportunities Corporation, leaving an amount to be repaid of \$609,629. This amount, however, was rejected by HUD. Approval to pursue litigation was provided by HUD. The legal opinion sought by McKinney Housing Authority was such that litigation was not recommended.

Finding 2007 B.1 and 2007 C.2 - The PHA has not adopted an Internal Control Policy –Low Rent program—CFDA #14.850, Voucher program—CFDA #14.871, Capital Funding program—CFDA #14.852

Condition: Management has not implemented an internal control structure adequate to prevent, or timely detect and correct, errors in its financial records.

Recommendation: The PHA should adopt an internal control policy. In addition the PHA should contract with a new fee accountant or hire qualified accounting personnel.

Current Status: The approval date of the Internal Controls Policy was December 18, 2007 and accompanying procedures on February 26, 2008. The PHA has also engaged a new fee accountant and qualified accounting personnel has been retained.

Finding 2007 B.2 - Lack of policies and procedures to capture information from the software used for tenant billing and receipts in the financial reporting software - Low rent program – CFDA#14.850 —Repeat finding. See #2008-B.1.

Condition: The PHA uses a separate software program for tenant billing and receipts than the software program used for financial reporting. Transactions affecting the financial reporting system and the tenant billing software are not always reconciled on a timely basis.

Recommendation: The PHA should develop policies and procedures to ensure information from the financial reporting system and the tenant billing system are captured in both systems.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

(Continued)

D. STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2007 B.2 - Lack of policies and procedures (Continued)

Current Status: With the implementation of new software, these policies and procedures are currently being developed.

Finding 2007 B.3 —Absence of approved cost allocation plan – Low rent program – CFDA #14.850, Voucher program – CFDA # 14.871

Condition: Allocation of costs between funds does not appear to have been applied consistently. The PHA has not received approval from the local field office for the method and amounts used to allocate costs between funds.

Recommendation: We recommend the PHA adopt a cost allocation plan and have it approved by the Board of Directors.

Current Status: The PHA adopted a cost allocation plan policy in February 2008.

Finding 2007 C.3 - Excessive allowance for doubtful accounts

Condition: - At year end, the PHA had an allowance for doubtful accounts of \$73,244. This is an increase from the prior year of \$36,815.

Recommendation: The PHA should follow their Board approved Rent Collection/Eviction policy and rent collections should be monitored closely.

Current Status: The PHA will continue pursuing bad debt through a designated staff person and more aggressive procedures.

Finding 2007 C.4 – Eligibility documentation missing - Low rent program – CFDA #14.850, Voucher program – CFDA # 14.871—Repeat finding for Voucher program-. See #2008-C.4.

Condition: This finding stated that the PHA did not have adequate controls in place to determine that all documentation required for determination of eligibility for assistance programs had been received.

Recommendation: The auditor recommended the PHA establish controls to ensure all documentation is received so only eligible people are admitted into assistance programs.

Current Status: Additional training was provided along with the re-assignment of staff duties to ensure that this matter was addressed.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2008

(Continued)

D. STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2007 C.5—Inconsistent cash management – Capital Funding program – CFDA#14.852

Condition: There were several instances where the PHA incorrectly requested reimbursement of funds under the Capital Funding Program. In some cases the requested reimbursements were for funds already requested and in some cases the request was for reimbursement of ineligible costs. There were also instances where the PHA did not request reimbursement of eligible funds.

Recommendation: We recommend the PHA establish controls to ensure reimbursement for expenditures for Capital Funding Programs are done accurately and on a timely basis.

Current Status: The PHA provided additional training along with the re-assignment of staff duties to ensure that this matter was addressed.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

CORRECTIVE ACTION PLAN

JUNE 30, 2008

E. CORRECTIVE ACTION PLAN

Corrective Action Plan for Finding #2008 B.1 – Lack of policies and procedures to capture information from the software used for tenant billing and receipts in the financial reporting software.

Low rent program – CFDA #14.850
Significant deficiency, material weakness.

Corrective action planned – McKinney Housing Authority will finalize the implementation of the new software and ensure that corresponding procedures are in place.

Contact person – Executive Director

Anticipated completion date – Software implementation - June 30, 2009; Accompanying procedures – August 1, 2009

Corrective Action Plan for Finding #2008 C.1 - Transfer of low rent operating reserves.

Low rent program – CFDA #14.850
Significant deficiency, material weakness, and noncompliance material to major federal award programs

Corrective action planned – McKinney Housing Authority will work to continue to bring the matter to resolve per HUD direction.

Contact person – Executive Director

Anticipated completion date – September 1, 2009

Corrective Action Plan for Finding #2008 C.2 – Lack of adequate controls in place to ensure proper payments to landlords

DHAP program – CFDA #97.109
Noncompliance

Corrective action planned – All payments to landlords in the DHAP Program have been reviewed and will be reviewed again in conjunction with the recent extension of the program.

Contact person – Executive Director

Anticipated completion date – June 15, 2009

Corrective Action Plan for Finding #2008 C.3 - Excessive bad debt write off's

Low rent program – CFDA #14.850
Significant deficiency, material weakness.

Corrective action planned – McKinney Housing Authority will continue pursuing bad debt through a designated staff person and more aggressive procedures.

Contact person – Executive Director

Anticipated completion date – June 30, 2009

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

CORRECTIVE ACTION PLAN

JUNE 30, 2008

(Continued)

Corrective Action Plan for Finding #2008 C.4 – Eligibility documentation missing

Voucher program – CFDA # 14.871

Disaster Housing Assistance Program – CFDA # 97.109

Significant deficiency, material weakness, and noncompliance material to major federal award programs

Corrective action planned – McKinney Housing Authority will designate a staff person to serve as the compliance monitor.

Contact person – Executive Director

Anticipated completion date – June 30, 2009

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2008**

	<u>CFDA #</u>	<u>IDENTIFYING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. Department of Housing and Urban Development:			
Low Rent Public Housing Subsidy	14.850	TX02700106D	\$ <u>631 520</u>
Capital Fund Program-2003 Bonus	14.872	TX21P02750203	848
Capital Fund Program-2004	14.872	TX21P02750104	3 213
Capital Fund Program-2005	14.872	TX21P02750105	48 351
Capital Fund Program-2006	14.872	TX21P02750106	<u>11 024</u>
Total Public Housing Capital Fund			<u>63 436</u>
Housing Choice Vouchers	14.871	TX489VO	<u>2 439 959</u>
Katrina Disaster Housing Assistance Payments	Other Federal Program		-
Disaster Voucher Program	14.DVP		<u>77 948</u>
Disaster Housing Assistance Program	97.109		<u>356 646</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3 569 509</u></u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE (1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of McKinney, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS
FINANCIAL DATA SCHEDULE-BALANCE SHEET
JUNE 30, 2008

Account Description		Low Rent 14.850a	Housing Choice Vouchers 14.871	CFP 14.872	Other Federal Program (KDHAP)	DVP 14.DVP	DHAP	Component Units	TOTAL
Line Item #									
	ASSETS:								
	CURRENT ASSETS:								
	Cash:								
111	Cash - unrestricted	67,493	-	-	7,017	-	378,829	92,743	613,216
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-
113	Cash - other restricted	-	432,362	-	-	-	-	-	432,362
114	Cash - tenant security deposits	12,849	-	-	-	-	-	2,601	15,450
115	Cash - restricted for payment of current liability	-	-	-	-	-	-	-	-
100	Total cash	80,342	432,362	-	7,017	-	378,829	95,344	1,061,028
	Accounts and notes receivables:								
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	4,030	-	-	-	-	-	4,030
124	Accounts receivable - other government	-	40,307	-	1,075	-	200	-	41,582
125	Accounts receivable - miscellaneous	-	-	-	-	-	-	-	-
126	Accounts receivable- tenants - dwelling rents	7,800	-	-	-	-	-	-	7,800
126.1	Allowance for doubtful accounts - dwelling rents	(1,560)	-	-	-	-	-	-	(1,560)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
127	Notes, loans & mortgages receivable - current	-	-	-	-	-	-	-	-
128	Fraud recovery	-	-	-	-	-	-	-	-
128.1	Allowance for doubtful accounts - fraud	-	-	-	-	-	-	-	-
129	Accrued interest receivable	1,174	-	-	-	-	-	-	1,174
120	Total receivables, net of allowances for doubtful accounts	7,414	44,337	-	1,075	-	200	-	53,026
	Current investments								
131	Investments - unrestricted	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-
135	Investments -restricted for payment of current liability	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	7,097	-	-	-	-	-	-	7,097
143	Inventories	20,464	-	-	-	-	-	-	20,464
143.1	Allowance for obsolete inventories	(4,093)	-	-	-	-	-	-	(4,093)
144	Interprogram - due from	928,809	133,675	-	66,365	67,586	3,312	-	1,199,747
145	Assets held for sale	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	1,040,033	610,374	-	74,457	67,586	382,341	95,344	2,337,269
	NONCURRENT ASSETS:								
	Fixed assets:								
161	Land	26,918	-	-	-	-	-	75,116	102,034
162	Buildings	10,413,310	-	265,674	-	-	-	397,874	11,076,858
163	Furniture, equipment & machinery - dwellings	106,144	-	16,540	-	-	-	-	122,684
164	Furniture, equipment & machinery - administration	185,148	6,282	28,115	-	-	-	2,599	222,144
165	Leasehold improvements	-	-	33,408	-	-	-	5,619	39,027
168	Infrastructure	-	-	-	-	-	-	-	-
166	Accumulated depreciation	(8,156,411)	(6,282)	(41,266)	-	-	-	(82,415)	(8,286,374)
167	Construction in progress	-	-	-	-	-	-	192,202	192,202
160	Total fixed assets, net of accumulated depreciation	2,575,109	-	302,471	-	-	-	590,995	3,468,575
	Other Non Current Assets								
171	Notes, loans & mortgages receivable - non current	-	-	-	-	-	-	-	-
172	Notes, loans & mortgages receivable - non current -past due	-	-	-	-	-	-	-	-
173	Grants Receivable - non current	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-
176	Investment in joint ventures	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	2,575,109	-	302,471	-	-	-	590,995	3,468,575
190	TOTAL ASSETS	3,615,142	610,374	302,471	74,457	67,586	382,341	686,339	5,805,844

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS
FINANCIAL DATA SCHEDULE-REVENUE AND EXPENSES
JUNE 30, 2008

Account Description		Low Rent 4.850a	Housing Choice Vouchers 4.871	CFP 4.872	Other Federal Program (KDHAP)	DVP 14.DVP	DHAP	Component Units	TOTAL
LIABILITIES AND EQUITY:									
LIABILITIES:									
Current Liabilities									
311	Bank overdraft	-	-	-	-	-	-	-	-
312	Accounts payable ≤ 90 days	20,761	401	-	-	11	49	4,465	25,687
313	Accounts payable > 90 days past due	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	1,261	296	-	-	-	197	-	1,754
322	Accrued compensated absences - current portion	50,804	760	-	-	-	137	398	52,099
324	Accrued contingency liability	-	-	-	-	-	-	-	-
325	Accrued interest payable	-	-	-	-	-	-	238	238
331	Accounts payable - HUD PHA programs	-	-	-	-	-	207,118	-	207,118
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-
333	Accounts payable - other government	22,694	1,906	-	-	-	-	-	24,600
341	Tenant security deposits	12,849	-	-	-	-	-	2,601	15,450
342	Deferred revenues	28,590	-	-	-	-	-	368	28,958
343	Current portion of Long-Term debt - capital projects/mortgage revenue bonds	-	-	-	-	-	-	-	-
344	Current portion of Long-Term debt - operating borrowings	-	-	-	-	-	-	-	-
345	Other current liabilities	787	26,094	-	-	-	17	-	26,898
346	Accrued liabilities - other	-	25	-	-	-	-	-	25
347	Inter-program - due to	25,089	70,898	-	53,274	66,365	12,216	971,905	1,199,747
348	Loan Liability - current	-	-	-	-	-	-	-	-
310	TOTAL CURRENT LIABILITIES	162,835	100,380	-	53,274	66,376	219,734	979,975	1,582,574
Non Current Liabilities									
351	Long-term debt, net of current- capital projects/ mortgage revenue bonds	-	-	-	-	-	-	-	-
352	Long-term debt, net of current- operating borrowings	-	-	-	-	-	-	-	-
353	Noncurrent liabilities- other	-	-	-	-	-	-	-	-
354	Accrued Compensated Absences - non current	27,362	6,843	-	-	-	1,232	3,580	39,017
355	Loan Liability - non current	-	-	-	-	-	-	-	-
350	TOTAL NONCURRENT LIABILITIES	27,362	6,843	-	-	-	1,232	3,580	39,017
300	TOTAL LIABILITIES	190,197	107,223	-	53,274	66,376	220,966	983,555	1,621,591
EQUITY:									
501	Investment in general fixed assets	-	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	2,575,109	-	302,471	-	-	-	590,995	3,468,575
Reserved fund balance:									
509	Reserved for operating activities	-	-	-	-	-	-	-	-
510	Reserved for capital activities	-	-	-	-	-	-	-	-
511	Total reserved fund balance	-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	432,362	-	-	-	-	-	432,362
512	Undesignated fund balance/retained earnings	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	849,836	70,789	-	21,183	1,210	161,375	(888,211)	216,182
513	TOTAL EQUITY/NET ASSETS	3,424,945	503,151	302,471	21,183	1,210	161,375	(297,216)	4,117,119
600	TOTAL LIABILITIES and EQUITY/NET ASSETS	3,615,142	610,374	302,471	74,457	67,586	382,341	686,339	5,738,710

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS
FINANCIAL DATA SCHEDULE-REVENUE AND EXPENSES
JUNE 30, 2008

Account Description		Low Rent 14.850a	Housing Choice Vouchers 14.871	CFP 14.872	Other Federal Program (KDHAP)	DVP 14.DVP	DHAP	Component Units	TOTAL
Line Item #									
	REVENUE:								
703	Net tenant rental revenue	355,939	-	-	-	-	-	91,241	447,180
704	Tenant revenue - other	16,898	-	-	-	-	-	-	16,898
705	Total tenant revenue	372,837	-	-	-	-	-	91,241	464,078
706	HUD PHA operating grants	631,520	2,439,959	52,503	-	77,948	356,646	-	3,558,576
706.1	Capital Grants	-	-	10,933	-	-	-	-	10,933
708	Other government grants	-	-	-	-	-	-	-	-
711	Investment income - unrestricted	5,184	168	-	-	-	238	194	5,784
712	Mortgage interest income	-	-	-	-	-	-	-	-
713	Proceeds from disposition of assets held for sale	-	-	-	-	-	-	-	-
713.1	Cost of sale of assets	-	-	-	-	-	-	-	-
714	Fraud recovery	-	2,082	-	-	-	-	-	2,082
715	Other revenue	91,326	9,578	-	-	-	350	13,025	114,279
716	Gain or loss on the sale of fixed assets	-	-	-	-	-	-	-	-
720	Investment income - restricted	-	611	-	-	-	-	-	611
700	TOTAL REVENUE	1,100,867	2,452,398	63,436	-	77,948	357,234	104,460	4,156,343
	EXPENSES:								
	Administrative								
911	Administrative salaries	200,094	122,229	-	-	-	26,748	8,561	357,632
912	Auditing fees	17,862	13,691	3,700	-	-	-	1,861	37,114
913	Outside management fees	-	-	-	-	-	-	-	-
915	Employee benefit contributions- administrative	59,848	27,808	-	-	-	6,113	569	94,338
916	Other operating- administrative	117,911	71,395	12,239	-	84	18,411	23,641	243,681
	Subtotal	395,715	235,123	15,939	-	84	51,272	34,632	732,765
	Tenant services								
921	Tenant services - salaries	-	-	-	-	-	-	-	-
922	Relocation costs	-	-	-	-	-	-	-	-
923	Employee benefit contributions- tenant services	-	-	-	-	-	-	-	-
924	Tenant services - other	1,948	-	-	-	-	14,237	872	17,057
	Subtotal	1,948	-	-	-	-	14,237	872	17,057
	Utilities								
931	Water	38,140	-	-	-	-	-	1,747	39,887
932	Electricity	33,219	-	-	-	-	-	8,730	41,949
933	Gas	7,169	-	-	-	-	-	215	7,384
934	Fuel	-	-	-	-	-	-	-	-
935	Labor	-	-	-	-	-	-	-	-
936	Sewer	-	-	-	-	-	-	-	-
937	Employee benefit contributions- utilities	-	-	-	-	-	-	-	-
938	Other utilities expense	41,785	-	-	-	-	-	362	42,147
	Subtotal	120,313	-	-	-	-	-	11,054	131,367
	Ordinary maintenance & operation								
941	Ordinary maintenance and operations - labor	142,132	-	-	-	-	17	-	142,149
942	Ordinary maintenance and operations - materials & other	38,800	-	30,639	-	-	-	14,619	84,058
943	Ordinary maintenance and operations - contract costs	137,069	-	5,926	-	-	20	23,776	166,791
945	Employee benefit contributions- ordinary maintenance	45,507	-	-	-	-	-	-	45,507
	Subtotal	363,508	-	36,565	-	-	37	38,395	438,505
	Protective services								
951	Protective services - labor	-	-	-	-	-	-	-	-
952	Protective services- other contract costs	24,494	-	-	-	-	-	-	24,494
953	Protective services - other	700	-	-	-	-	-	-	700
955	Employee benefit contributions- protective services	-	-	-	-	-	-	-	-
	Subtotal	25,194	-	-	-	-	-	-	25,194

HOUSING AUTHORITY OF THE CITY OF MCKINNEY, TEXAS
FINANCIAL DATA SCHEDULE-REVENUE AND EXPENSES
JUNE 30, 2008

Account Description		Low Rent 14.850a	Housing Choice Vouchers 14.871	CFP 14.872	Other Federal Program (KDHP)	DVP 14.DVP	DHAP	Component Units	TOTAL
General expenses									
961	Insurance premiums	19,912	-	-	-	-	-	-	19,912
962	Other General Expenses	10,898	2,904	-	15,436	-	-	-	29,238
914	Compensated absences	61,188	-	-	-	-	1,369	3,978	66,535
963	Payments in lieu of taxes	22,694	-	-	-	-	-	8,626	31,320
964	Bad debt - tenant rents	47,395	-	-	-	-	-	-	47,395
965	Bad debt- mortgages	-	-	-	-	-	-	-	-
966	Bad debt - other	-	-	-	-	-	-	-	-
967	Interest expense	112	-	-	-	-	-	-	112
968	Severance expense	-	-	-	-	-	-	-	-
	Subtotal	162,199	2,904	-	15,437	-	1,369	12,604	194,512
969	TOTAL OPERATING EXPENSES	1,068,877	238,027	52,504	15,437	84	66,915	97,557	1,539,401
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	31,990	2,214,371	10,932	(15,437)	77,864	290,319	6,903	2,616,942
971	Extraordinary maintenance	-	-	-	-	-	-	-	-
972	Casualty losses - non-capitalized	-	-	-	-	-	-	-	-
973	Housing assistance payments	-	1,842,447	-	-	87,615	128,944	-	2,059,006
974	Depreciation expense	424,643	-	19,387	-	-	-	15,016	459,046
975	Fraud losses	-	-	-	-	-	-	-	-
976	Capital outlays- governmental funds	-	-	-	-	-	-	-	-
977	Debt principal payment- governmental funds	-	-	-	-	-	-	-	-
978	Dwelling units rent expense	-	-	-	-	-	-	-	-
900	TOTAL EXPENSES	1,493,520	2,080,474	71,891	15,437	87,699	195,859	112,573	4,057,452
OTHER FINANCING SOURCES (USES)									
1001	Operating transfers in	-	-	-	-	-	-	-	-
1002	Operating transfers out	-	-	-	-	-	-	-	-
1003	Operating transfers from/to primary government	-	-	-	-	-	-	-	-
1004	Prior Period Adjustments, Equity/Net Assets	-	-	-	-	-	-	-	-
1005	Proceeds from notes, loans and bonds	-	-	-	-	-	-	-	-
1006	Proceeds from property sales	-	-	-	-	-	-	-	-
1007	Extraordinary Items (net gain/loss)	-	-	-	-	-	-	-	-
1008	Special Items (net gain/loss)	-	-	-	-	-	-	-	-
1010	TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXP	(392,653)	371,924	(8,455)	(15,437)	(9,751)	161,375	(8,113)	98,891
MEMO account information									
1101	Capital contributions	-	-	-	-	-	-	-	-
1102	Debt principal payments- enterprise funds	-	-	-	-	-	-	-	-
1103	Beginning equity	3,768,535	131,227	322,056	36,620	10,961	-	(244,793)	4,024,606
1104	Prior period adjustments, equity transfers and correction of errors	49,063	-	(11,130)	-	-	-	(44,310)	(6,377)
1105	Changes in compensated absence liability balance (in the GLTDAG)	-	-	-	-	-	-	-	-
1106	Changes in contingent liability balance (in the GLTDAG)	-	-	-	-	-	-	-	-
1107	Changes in unrecognized pension transition liability (in the GLTDAG)	-	-	-	-	-	-	-	-
1108	Changes in special term/severance benefits liability (in the GLTDAG)	-	-	-	-	-	-	-	-
1109	Changes in allowance for doubtful accounts - dwelling rents	-	-	-	-	-	-	-	-
1110	Changes in allowance for doubtful accounts - other	-	-	-	-	-	-	-	-
1112	Depreciation "add back"	-	-	-	-	-	-	-	-
1113	Maximum annual contributions commitment (per ACC)	-	-	-	-	-	-	-	-
1114	Prorata maximum annual contributions applicable to a period < 12 months	-	-	-	-	-	-	-	-
1115	Contingency reserve, ACC program reserve	-	-	-	-	-	-	-	-
1116	Total annual contributions available	-	-	-	-	-	-	-	-
1120	Unit months available	2,412	-	-	-	-	-	-	2,412
1121	Number of unit months leased	2,113	-	-	-	-	-	-	2,113
1117	Administrative Fee Equity	-	57,665	-	-	-	-	-	57,665
1118	Housing Assistance Payments Equity	-	4,140	-	-	77	182	-	4,399