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OMB A-133 Single Audit Report, 2005

Missouri Housing Development Commission

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**MISSOURI HOUSING
DEVELOPMENT COMMISSION**
*OMB A-133 SINGLE AUDIT REPORT
JUNE 30, 2005*



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**Independent Auditors' Report On Internal Control Over
Financial Reporting And On Compliance And Other
Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

The Commissioners
Missouri Housing Development Commission

We have audited the financial statements of Missouri Housing Development Commission (the Commission) as of and for the year ended June 30, 2005, and have issued our report thereon dated August 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

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

The Commissioners
Missouri Housing Development Commission

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

RubinBrown LLP

St. Louis, Missouri
August 22, 2005

**Independent Auditors' Report On Compliance With
Requirements Applicable To Each Major Program And
On Internal Control Over Compliance In Accordance
With OMB Circular A-133 And On The Schedule Of
Expenditures Of Federal Awards**

The Commissioners
Missouri Housing Development Commission

Compliance

We have audited the compliance of Missouri Housing Development Commission (the Commission) 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, 2005. The Commission's major federal program is 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 Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission'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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the interest control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule Of Expenditures Of Federal Awards

We have audited the financial statements of the Commission as of and for the year ended June 30, 2005, and have issued our report thereon dated August 22, 2005. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

RubinBrown LLP

St. Louis, Missouri
August 22, 2005

MISSOURI HOUSING DEVELOPMENT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures <i>(In Thousands)</i>
U.S. Department Of Housing And Urban Development:		
Direct:		
Section 8 New Construction and Substantial Rehabilitation	14.182	\$ 93,852
HOME Investment Partnership Program	14.239	16,985
Rural Housing and Economic Development	14.250	<u>98</u>
Total U. S. Department of Housing and Urban Development		<u>110,935</u>
Total Expenditures Of Federal Awards		<u><u>\$ 110,935</u></u>

MISSOURI HOUSING DEVELOPMENT COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2005

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Missouri Housing Development Commission (the Commission) for the year ended June 30, 2005.

The Commission also receives funds from the U.S. Department of Housing and Urban Development (HUD) pursuant to HUD's Section 236 Program - Interest Reduction Payments - Rental and Cooperative Housing for Lower Income Families, Catalog of Federal Domestic Assistance 14.103. The objective of this program is to provide quality rental and cooperative housing for persons of low and moderate income by providing interest reduction payments to owners. These funds are received by the Commission as mortgagee pursuant to its various multifamily mortgage programs. Section 236 funds received by the Commission for the year ended June 30, 2005 were \$1,887,000. Since these funds are interest supplements on loans made under this program in prior years, they are included in the Commission's interest income and are not included in the schedule of expenditures of federal awards.

2. Basis Of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Expenditures are presented on an accrual basis whereby expenditures are recognized in the accounting period in which the liability is incurred. The basis of presentation is the same as that for the Commission's financial statements; however, expenditures are classified in a different manner.

3. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the Commission's grant programs for economy and efficiency and program results which may result in disallowed costs to the Commission. However, the Commission's management does not believe such audits would result in any disallowed costs that would be material to the Commission's financial position at June 30, 2005.

MISSOURI HOUSING DEVELOPMENT COMMISSION

Notes To Schedule Of Expenditures Of Federal Awards *(Continued)*

4. Analysis Of Undisbursed Cash

	Catalog Of Federal Domestic Assistance Number		
	14.182	14.239	14.250
	<i>(In Thousands)</i>		
Undisbursed cash	<u>\$ 1,154</u>	<u>\$ 177</u>	<u>\$ 549</u>
Amount due to HUD	<u>\$ 1,154</u>	<u>\$ 177</u>	<u>\$ 549</u>

MISSOURI HOUSING DEVELOPMENT COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2005

Section I - Summary Of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? ___ yes x no
- Reportable condition(s) identified that are not considered to be material weakness(es)? ___ yes x none reported
- Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes x no
- Reportable condition(s) identified that are not considered to be material weakness(es)? ___ yes x none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes x no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.182	Section 8 New Construction and Substantial Rehabilitation

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? x yes ___ no

MISSOURI HOUSING DEVELOPMENT COMMISSION

Schedule Of Findings And Questioned Costs *(Continued)*

Section II - Financial Statement Findings

None

Section III - Federal Award Findings And Questioned Costs

None