

BOISE CITY, IDAHO
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended September 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 identified No

Reportable conditions No

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major programs:

Material weakness identified? No

Reportable conditions Yes

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 Circular A-133, Section .510(a)? Yes

Identification of major programs:

CFDA number

14.218

20.106

97.004

97.044

Name of Federal Program or Cluster

Community Development Block Grant

Airport Development Aid Program

Domestic Preparedness Grant

Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

05-01 A requirement for CFDA 14.218 states that no more than 15% of Community Development Block (CDBG) funds plus 15% of prior year program income may be used for public services. During our testing, we calculated that an additional \$51,054 was spent, which exceeded the limit of 15%.

Recommendation:

We recommend that the adopted budget for related expenditures be regularly monitored, to avoid over spending.

Management Response:

The overage can be explained by the following incidents that occurred within the Housing and Community Development (HCD) Division during the 2004 program year:

- Several contracts written for sub-recipients who were granted CDBG public service funds in PY03 allowed for the contracts to run into PY04 thus causing a negative impact on the PY04 public service cap. This normally is not an issue but PY04 was an eighteen-month cycle instead of a normal twelve-month grant cycle.
- PY04 was extended from a twelve-month period (01/01/04-12/31/04) to an eighteen-month period (01/01/04-06/30/05) to start aligning HCD with the City's fiscal years from October through September. Stable management was missing during the PY04 year. HCD encountered five changes alone under the HCD Manager position (3 managers and 2 interim managers). This action caused an inconsistency in regards to what each manager perceived as important
- HCD was requested to take on the daily burden of running Community House and the Baltes Community Café during PY04 without adding additional staff to handle the increase in duties. These two activities were assisted with public services dollars

Corrective measures that were implemented to ensure that the CDBG public service cap would not exceed 15% include hiring a HCD Manager, an Administrative Assistant with in-depth knowledge of HUD rules and regulations, an Accounting Supervisor, a Programs Analyst to fully staff grants administration; writing sub-recipient contracts that do not allow public service grants to extended beyond any given program year; aligning the HCD program year with the City's fiscal year; HCD is no longer running Community House or the Baltes Community Café, freeing staff to concentrate on meeting the federal requirements of the HUD grants.