HOUSING AUTHORITY OF SALT LAKE CITY

FINANCIAL STATEMENTS

Year Ended June 30, 2005

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statement of Net Assets	8
Statement of Revenues, Expenses and Changes in Net Assets	10
Statement of Cash Flows	11
Notes to Financial Statements	13
SUPPLEMENTAL INFORMATION	
Schedule of Financial Data - Assets and Liabilities	25
Schedule of Financial Data - Revenue and Expenses	27
Business Activities Combining Schedule of Financial Data – Assets and Liabilities	28
Business Activities Combining Schedule of Financial Data – Revenue and Expenses	30
SINGLE AUDIT AND GOVERNMENTAL REPORTS	
Schedule of Expenditure of Federal Awards	32
Schedule of Findings and Questioned Costs	34
Summary Schedule of Prior Audit Findings	36
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	37
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	39
Report on Legal Compliance with Applicable Utah State Laws and Regulations	41

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners

Housing Authority of Salt Lake City

We have audited the accompanying statements of net assets of the Housing Authority of Salt Lake City (the Authority) and the related statements of revenues, expenses and changes in net assets and cash flows, as of June 30, 2005 and for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized information has been derived from the Authority's 2004 financial statements and in our report dated October 25, 2004, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Authority as of June 30, 2005 and 2004, and the changes in its net assets and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2005, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The Schedules of Financial Data, as required by the U.S. Department of Housing and Urban Development, the Business Activities Combining Schedules of Financial Data, and the Schedule of Expenditure of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are supplemental information and are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Authority. The information has been subjected to the auditing procedures applied in the audits 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.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
October 15, 2005

Management Discussion and Analysis
Housing Authority of Salt Lake City

As Management of the Housing Authority of Salt Lake City (HASLC, Authority, Agency) we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended June 30, 2005. The Authority prepares its financial statements using proprietary fund accounting. Propriety fund accounting uses full accrual basis principals. Revenues are recognized as earned and expenditures are recorded when incurred. The Authority receives funding from numerous sources. In order to properly account for the funds and restrictions on them, our accounts are maintained in accordance with the principals of fund accounting.

FINANCIAL HIGHLIGHTS

- Total Assets of the HASLC increased $6,663,664 as of June 30, 2005, over prior year.
- Operating revenue of the HASLC decreased by $724,784 from prior year.
- The HASLC long term debt outstanding was $33,671,401 as of June 30, 2005. This increased by $5,820,385 over the prior year. The majority of the increase in debt is from the $5,400,000 bond that was issued for the JSA II. Principal payments on notes and bonds outstanding were $697,915 during the year.
- The HASLC earned management fees in the amount of $182,700 and grants (other than HUD) of $840,053 during the year ended June 30, 2005.

OVERVIEW OF THE HOUSING AUTHORITY OF SALT LAKE CITY

The Housing Authority of Salt Lake City was created in October 1970 to provide and promote safe and sanitary housing for low-income persons residing in Salt Lake City, Utah. The Authority is a municipal corporation located in Salt Lake City, Utah and was established under the Housing Authorities Act of the State of Utah in 1969.

A seven member Board of Commissioners govern the Authority. They are appointed by the Salt Lake City Mayor and City Council.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements consist of two parts – management's discussion and analysis and the basic financial statements. The HASLC basic financial statements include the Authority wide financial statements and notes to the financial statements.

- The HASLC wide financial statements provide information about the Authority's overall financial position and results from operations. These statements, which are presented on the accrual basis, consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Fund Net Assets and the Statement of Cash flows.
- The Basic financial statements also include a "Notes to Financial Statements" section that provides additional information that is essential to a full understanding of the data provided in the HASLC wide statements.
- The Authority has five projects that have a December, calendar year end. The remaining projects have a June 30 fiscal year end. The FY 2005 audit reflects January thru December 2004 operations and the July 2004 through June 2005 year end properties and now includes a two year comparison.

The HASLC wide statements report information about the Authority as a whole using accounting methods similar to those used in private sector companies. The Statement of net assets includes all of the Authority's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Fund Net Assets regardless of when cash is received or paid.

The Authority wide statements report the Authority's net assets and how they changed. Net assets, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial position.

The Combined Agency Financial Statements are presented to provide readers with a broad overview of the Authority's finances much the same way as a private sector business does. The combining financial statements provide more detailed information about the Authority's most significant activities and not the Authority as a whole. These statements are divided into programs of related accounts that are used to maintain control over resources that have been segregated into specific activities or objectives.

AN OVERVIEW OF THE AUTHORITY-WIDE FINANCIAL POSITION AND OPERATIONS

The Authority's overall financial position and operations are presented below.

	2005	2004	Difference
Current Assets	$12,526,845	$ 6,432,566	$ 6,094,279
Fixed Assets	55,332,206	54,721,320	610,886
Other Assets	493,901	535,402	(41,501)
Total Assets	$68,352,952	$61,689,288	$ 6,663,664
Current Liabilities	$ 3,190,560	$ 2,433,653	$ 756,907
Non-Current Liabilities	34,122,148	28,253,590	5,868,558
Fund Equity	31,040,244	31,002,045	38,199
Total Liabilities and Fund Equity	$68,352,952	$61,689,288	$ 6,663,664

The Housing Authority and its two non-profits, HAME and Housing Development Corporation have more than 1,349 housing units. The occupancy rates in the public housing units remained quite stable during the past year, above 95%. The Housing Authority continues to have waiting lists for federal housing assistance of well over 4,000 families. The high occupancy in Public Housing is a direct reflection of the economic times while private owners continue to struggle in the soft market.

Our non-profit properties experienced slightly higher vacancy rates than our Public Housing; however, the vacancy rates were still lower than the rates the private market was experiencing. We lost renters to other new units and to homeownership due to low interest rates. The high valley wide vacancy rates and the need to offer incentives created an impact on revenues in several of our properties. We are expecting the rental market to begin rebounding in 2006. We have begun to increase rent slightly and will have stopped offering concessions at most of our properties by the fourth quarter of 2005. Rental Revenues in FY 2005 were up $78,085, 1% above FY 2004 rents.

SIGNIFIGANT CHANGES IN INDIVDUAL FUNDS.

Housing Assistance Payments in the Housing Choice Voucher Program decreased by $1,020,498.

The Section 8 Mod Rehab Program lost $28,954 in Housing Assistance Payments. This Program will continue to down size as property owners opt out of the program.

Property insurance costs were $34,036 higher than originally budgeted and all funds were required to absorb a portion of the increased cost. We will be facing the same issue of increased insurance costs impacting all budgets in FY 2006, much of this as result of natural disasters throughout the country.

The Cambridge Cove Apartments ended the year much better than anticipated. Occupancy is in the high 90's and we are just starting to increase rents so we expect the property to end with smaller negative cash flow than in previous years.

LONG TERM DEBT

At the end of the fiscal year the Housing Authority of Salt Lake City had a total debt outstanding of $34,122,148. We continue to look at refinancing opportunities for our properties when available.

CAPITAL ASSETS

Air conditioning was installed at the Pauline Downs Apartments. This year's capital additions were due in most part to the capital improvements completed on a variety of the Authority's public housing developments.

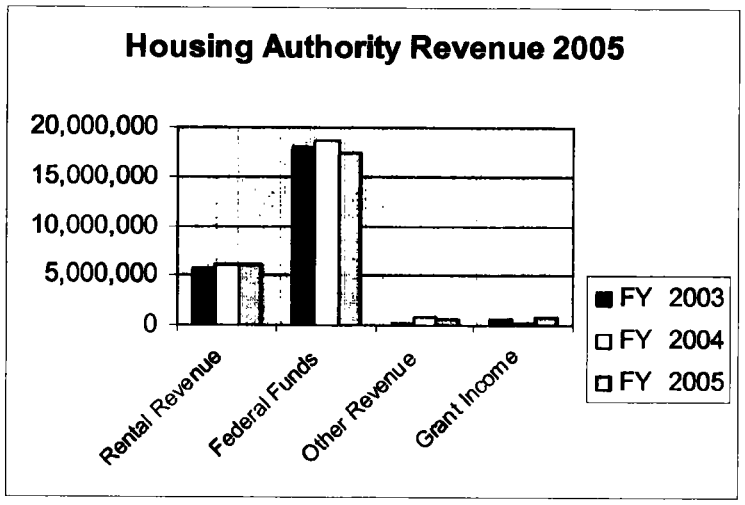
POTENTIAL IMPACTS ON FINANCIAL POSITION

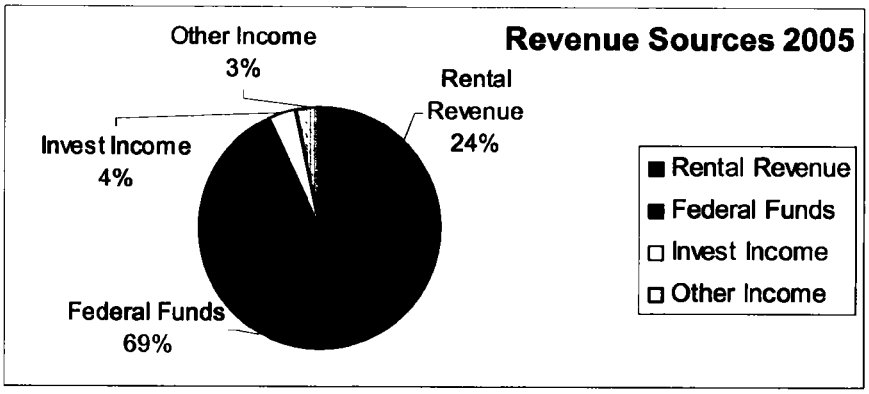
The Housing Authority received approximately 73% of its funding from Federal sources in FY 2004, in FY 2005 that amount dropped to 69%. These funds are always at the discretion of the President and Congress. As a result, we are anticipating that some of our funding in certain program areas will be further reduced.

The Public Housing Program is under going reform and moving to an asset based management program. This will have a significant impact on the agency as it changes its way of management, maintenance and accounting. These changes will need to be implemented by October of 2006 in order to prevent deeper cuts to the program.

Summary of Funding

	FY 2003	FY 2004	FY 2005
Rental Revenue	$ 5,631,774	$ 5,999,753	$ 6,077,838
Federal Funds	17,924,616	18,686,112	17,467,766
Other Income	133,121	252,615	647,610
Grant Income	583,802	819,572	840,053
Total Revenue	$24,273,313	$25,758,051	$25,033,267





SUBSEQUENT EVENTS

The Authority in August of 2005 the Housing Authority refinanced Hidden Villa Apartments. The term is for three years with a balloon due in August of 2008. Prior to the due date the Authority will determine what course of action will be taken with respect to continued ownership.

Ground was broken in January of 2005 on the new 84 unit JSA II project. The project is adjacent to the Jefferson School Apartments. There are 48 tax credit units and 36 market units situated in 4 buildings. The Equity partner is American Express West Equity Fund Limited Partnership. The Bond financier is U.S. Bank, National Association. As of the end of November three buildings are ready for occupancy. The final building will be ready to lease by the middle of December 2005. The clubhouse will be done by late January 2006.

The Board of the Authority and Management have decided to change the fiscal year end of the properties to a calendar year end. We have written to HUD for approval. We were given instructions by HUD that we are to do an 18 month year from July 2005 to December 2006 in order to transition to a calendar year. This means the next audit issued will be in the summer of 2007 for the previous 18 months ending December 31, 2006.

Cedar Crest Apartments have been transitioned in to serving homeless families. This will require operating subsidies which will come from the Pilot program.

In October HAME held a ground breaking for the Sunrise Apartments. This will be a 100 unit complex for homeless single men. There will be case workers and 24 hour a day security. The Agency is currently participating in a trial program to house chronically homeless throughout the community. The program is being funded by the State of Utah.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you have additional questions regarding financial information, you can contact our office in writing at the following address:

The Housing Authority of Salt Lake City
Attn: Finance Manager
1776 South West Temple
Salt Lake City, UT 84115

HOUSING AUTHORITY OF SALT LAKE CITY

STATEMENT OF NET ASSETS

June 30, 2005 with Summarized Totals for 2004

ASSETS

	2005	Summarized Totals 2004
CURRENT ASSETS		
Cash and cash equivalents, including restricted cash (2005, $7,540,800; 2004, $959,863)	$ 11,674,889	$ 5,196,015
Accounts receivable - other, net of allowance (2005, $66,455; 2004, $87,331)	369,886	475,451
Accounts receivable - HUD	288,593	381,635
Prepaid expenses	109,744	306,957
Inventories	83,733	72,508
TOTAL CURRENT ASSETS	12,526,845	6,432,566
CAPITAL ASSETS		
Land	9,195,025	8,108,094
Buildings and improvements	62,191,829	61,224,079
Furniture, equipment, and machinery	3,746,932	3,647,920
Construction in progress	3,159,220	2,458,669
TOTAL CAPITAL ASSETS, at cost	78,293,006	75,438,762
Less accumulated depreciation	(22,960,800)	(20,717,442)
TOTAL CAPITAL ASSETS	55,332,206	54,721,320
OTHER ASSETS		
Notes receivable	7,084	3,683
Bond issue costs, net of accumulated amortization (2005, $31,824; $2004, $17,760)	192,668	206,732
Intangibles, net of accumulated amortization (2005, $125,210; 2004, $121,372)	294,149	324,987
TOTAL OTHER ASSETS	493,901	535,402
TOTAL ASSETS	$ 68,352,952	$ 61,689,288

See Notes to Financial Statements

HOUSING AUTHORITY OF SALT LAKE CITY

STATEMENT OF NET ASSETS

June 30, 2005 with Summarized Totals for 2004

LIABILITIES AND NET ASSETS

	2005	Summarized Totals 2004
CURRENT LIABILITIES		
Accounts payable	$ 1,038,959	$ 455,690
Accounts payable - HUD	19,602	69,419
Accrued liabilities	154,474	226,959
Accrued interest	428,775	440,878
Current portion of long-term debt	735,936	677,156
Other current liabilities	812,814	563,551
TOTAL CURRENT LIABILITIES	3,190,560	2,433,653
NONCURRENT LIABILITIES		
Long-term debt, less current portion	33,671,401	27,851,016
Other noncurrent liabilities	450,747	402,574
TOTAL NONCURRENT LIABILITIES	34,122,148	28,253,590
NET ASSETS		
Invested in capital assets, net of related debt	26,325,682	26,193,146
Restricted net assets	2,034,498	463,991
Unrestricted net assets	2,680,064	4,344,908
TOTAL NET ASSETS	31,040,244	31,002,045
TOTAL LIABILITIES AND NET ASSETS	$ 68,352,952	$ 61,689,288

See Notes to Financial Statements

HOUSING AUTHORITY OF SALT LAKE CITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Year Ended June 30, 2005 with Summarized Totals for 2004

	2005	Summarized Totals 2004
OPERATING REVENUES		
Tenant revenue	$ 6,077,838	$ 5,999,753
HUD grants	17,467,766	18,686,113
Other grants	840,053	819,572
Other revenue	647,610	252,614
	25,033,267	25,758,051
OPERATING EXPENSES		
Administrative	3,916,230	3,883,206
Tenant services	496,740	464,907
Operating and maintenance	2,299,550	2,543,957
Utilities	793,163	774,677
General expenditures	864,492	660,823
Protective services	29,703	58,390
Housing assistance payments	14,263,352	15,283,850
Depreciation and amortization	2,442,593	2,275,297
	25,105,823	25,945,107
OPERATING LOSS	(72,556)	(187,056)
NON-OPERATING REVENUE (EXPENSES)		
Interest income	67,248	30,076
Interest expense (net of $96,855 interest capitalized in 2004)	(1,233,465)	(1,289,279)
Loss on restructure of bonds	-	(1,429,850)
Gain (loss) on disposal of property and equipment	106,733	(10,067)
NON-OPERATING REVENUE (EXPENSES)	(1,059,484)	(2,699,120)
CAPITAL CONTRIBUTIONS		
Capital contributions - HUD	676,064	675,730
Capital contributions - other	494,175	276,568
TOTAL CAPITAL CONTRIBUTIONS	1,170,239	952,298
CHANGE IN NET ASSETS	38,199	(1,933,878)
NET ASSETS, BEGINNING OF YEAR	31,002,045	32,935,923
NET ASSETS, END OF YEAR	$ 31,040,244	$ 31,002,045

See Notes to Financial Statements

HOUSING AUTHORITY OF SALT LAKE CITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2005 with Summarized Totals for 2004

	2005	Summarized Totals 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from HUD	$ 17,516,824	$ 18,643,206
Cash received from tenants	6,292,728	6,189,991
Cash received from other sources, including maintenance, legal charges, other grants, and insurance proceeds	1,369,104	1,072,186
Cash paid for housing assistance payments	(14,263,352)	(15,283,850)
Cash paid for general and administrative expenses, including maintenance, administration, and utilities	(7,417,773)	(8,500,943)
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,497,531	2,120,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	(2,881,256)	(1,750,381)
Proceeds from sale of capital assets	246,843	-
Transfer from escrow account	-	1,456,045
Transfer to escrow account	-	(502,795)
Interest received	67,248	30,070
NET CASH FLOWS FROM INVESTING ACTIVITIES	(2,567,165)	(767,061)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from notes payable	6,309,649	523,165
Principal payments on long term debt	(697,915)	(928,678)
Grant income - HUD	1,170,239	952,298
Payments for loan origination fees	-	(402,007)
Interest paid on bonds and notes	(1,233,465)	(1,289,279)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	5,548,508	(1,144,501)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,478,874	209,028
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,196,015	4,986,987
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,674,889	$ 5,196,015

See Notes to Financial Statements

HOUSING AUTHORITY OF SALT LAKE CITY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2005 with Summarized Totals for 2004

	2005	Summarized Totals 2004
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	$ (72,556)	$ (187,056)
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation and amortization	2,428,529	2,261,233
Amortization of bond issue costs	14,064	14,064
(Increase) decrease in assets:		
Accounts receivable - other	218,291	193,922
Accounts receivable - HUD	(19,684)	(24,764)
Prepaid expenses	197,213	(253,703)
Inventories	(11,225)	(24,789)
Note receivable	(3,401)	(3,683)
Increase (decrease) in liabilities:		
Accounts payable	560,541	(27,309)
Accounts payable - HUD	(49,817)	(18,143)
Accrued liabilities	(55,501)	30,484
Accrued interest	(12,103)	(3)
Other current liabilities	255,007	259,747
Other noncurrent liabilities	48,173	(99,410)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 3,497,531	$ 2,120,590

See Notes to Financial Statements

(1) Summary of significant accounting policies

Organization and history - The Housing Authority of Salt Lake City (the Authority) is a municipal corporation created in 1970 to provide and promote safe housing for low-income persons residing in Salt Lake City, Utah.

Public Housing - The Authority has developed a total of 3,360 low-rent housing units under various programs of the U.S. Department of Housing and Urban Development (HUD). The Authority owns 758 units which are rented to low and moderate income, elderly and transitional individuals in accordance with HUD guidelines. Rental subsidies are paid by HUD directly to the Authority. The remaining 2,602 units are privately owned and the Authority pays HUD rent subsidies directly to the owners.

Mixed Finance and Nonprofit Housing – As required by generally accepted accounting principles for governmental entities, the financial statements of the Authority include certain entities as blended component units because these entities share a common board and management and are financially interdependent with the Authority. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and so data from these entities are combined with data of the Authority. These entities are classified as business activities in the supplemental information and include Housing Development Corporation (HDC), Housing Assistance Management Enterprise (HAME), Cedar Crest LLC, Pauline Downs LLC and Jefferson School Apartments LLC, JSAII, Sunrise Apartments, Canterbury and Cambridge Cove.

HDC, a Utah nonprofit corporation, was organized in 1982 to develop housing facilities for persons of low and moderate income. HDC operates four housing projects with a total of 274 units. HAME, a Utah nonprofit corporation, was organized in 1991 to develop housing facilities for persons of low and moderate income. HAME operates six houses and one housing project with a total of 32 units. Cedar Crest LLC, a Utah limited liability company, was organized in 1993 and developed a 12-unit project for persons of low and moderate income. Pauline Downs, a Utah limited liability company, was organized in 1993 and has rehabilitated 113 housing units for persons of low and moderate income. Jefferson School Apartments is a Utah limited liability company that was organized in 2000 and has developed 84 mixed finance housing units. The Cambridge Cove property totals 71 units.

Basis of presentation and accounting - The Authority prepares its financial statements in conformity with U.S. generally accepted accounting principles as applied to governmental entities and uses proprietary fund accounting. Proprietary fund accounting utilizes full accrual basis principles. Revenues are recognized as earned and expenditures are recorded when incurred.

Operating income reported in the financial statements includes revenues and expenses related to the primary, continuing operations of the entity. Principal operating revenues are charged to tenants for rent or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

(1) Summary of significant accounting policies (Continued)

The Authority receives funding from a variety of sources. In order to insure observance of limitations and restrictions placed on the use of resources, appropriations, grants or contracts for various purposes are classified for accounting purposes by programs in accordance with specified activities or objectives.

In accordance with HUD prescribed accounting practices, the Authority has adopted the Statement of Government Accounting Standards (SGAS) No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting. The Authority has elected to apply all applicable FASB pronouncements and Accounting Principle Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements.

Fiscal year end - The Authority reports certain blended component units, including Pauline Downs, LLC, HAME, Cedarcrest LLC and Jefferson School Apartments, LLC, on their fiscal year end of December 31, 2004. Management believes that if these component units were presented at June 30, 2005, any differences in total assets or total revenue would not be significant.

Capital grants - The Authority receives grants from HUD which are externally restricted for construction and improvements. As required by SGAS No. 33, the Authority recorded $676,064 as capital contributions for the year ended June 30, 2005.

Classification of revenue -

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions such as rental revenue.

Non-operating revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting and GASB Statement No. 34. Examples of non-operating revenues would be interest income, and gain or loss on sale of assets.

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

Accounts receivable - Accounts receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance, projections and review of specific accounts.

Inventories - Inventories consist primarily of maintenance supplies and are stated at the lower of cost or market value.

(1) Summary of significant accounting policies (Continued)

Capital assets – Capital assets consist primarily of buildings and equipment and are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	7-40
Furniture, equipment and machinery	3-7

Construction in progress is recorded at cost and consists of federal projects funded by HUD and non-federal projects funded by debt or other sources. The projects are accounted for as construction in progress until completed and placed in service. No depreciation is provided on construction in progress until the project is complete and the asset is placed in service.

Net assets – The Authority's net assets are classified as follows:

Invested in capital assets, net of related debt – This component of net assets consists of the Authority's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt

Restricted net assets – This component of net assets consists of that portion of net assets that is restricted by debt covenants to be expended for capital assets and restricted by debt covenants for debt services.

Unrestricted – This component of net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Capitalization of interest – The Authority capitalizes interest costs as a component of the cost of buildings constructed for their own use unless the projects are funded by grants. There was no interest capitalized for the year ended June 30, 2005.

Amortization - Amortization of bond issue costs and bond discounts is computed on the straight-line method (which approximates the effective interest method) over the life of the related revenue bonds. The revenue bond advance refunding difference is amortized using the straight-line method over the shorter of the remaining life of the old debt or the life of the new bonds.

Amortization of intangibles is computed on the straight-line method over 5-20 years.

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications – Certain balances in the 2004 financial statements have been reclassified to conform to current year presentation.

(2) Cash and cash equivalents

State law requires that funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements of Rule 11 of the Utah Money Management Act. All deposits at June 30, 2005 were made with certified institutions in accordance with the Utah Money Management Act as follows:

Unrestricted:	
Cash and cash equivalents:	
Petty cash	$ 2,100
KeyBank operating investment sweep	4,131,989
Total unrestricted cash and cash equivalents	4,134,089
Restricted:	
Cash and cash equivalents:	
Miscellaneous reserve cash accounts	179,005
KeyBank operating investment sweep	105,488
KeyBank Money Market Checking	358,410
US Bank Series 2003 Bond Fund	494,332
US Bank Series 2003 Reserve Fund	505,688
US Bank Commercial Bond Proceed	5,400,814
US Bank Project Fund	497,063
Total restricted cash and cash equivalents	7,540,800
	$ 11,674,889

The authority is empowered by HUD Notice 2001-7 to invest HUD funds in U.S. Treasury Bills, notes and bonds, obligations issued by instrumentalities of the U.S. government, state or municipal depository funds and insured demand savings deposits (excess balances 100% collateralized by federal securities) and other approved instruments.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. At June 30, 2005, the carrying amount of the Authority's cash and cash equivalents was $11,674,889 and the bank balance was $10,493,133. Of the bank balances, $300,000 was covered by Federal depository insurance and the remaining balances were held in a sweep account invested in short-term U.S. Government Securities and, therefore, may be exposed to certain credit risk.

(3) Restricted and reserved cash and cash equivalents

The various bond resolutions require that a debt service reserve be maintained by a trustee in a debt service reserve account that is equal to the "Debt Service Reserve Requirement," as defined, on outstanding revenue bonds and that a sinking fund be established to retire bonds at their specified maturity dates beginning 2008. The total amount held for these purposes at June 30, 2005 was approximately $999,920, consisting of restricted cash balances held in financial institutions.

(3) Restricted and reserved cash and cash equivalents (Continued)

Approximately $5,900,000 in cash and cash equivalents is restricted for expenditures for housing projects, which will be constructed in the coming fiscal year. An additional $536,000 is restricted for various deposits and escrows.

(4) Capital assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	2004	Increases	Decreases	2005
Capital assets not being depreciated				
Construction in progress	$ 2,458,669	$ 1,639,189	$ (938,638)	$ 3,159,220
Land	8,108,094	1,146,396	(59,465)	9,195,025
Total non-depreciable assets	10,566,763	2,785,585	(998,103)	12,354,245
Capital assets being depreciated:				
Buildings and improvements	61,224,079	1,079,041	(111,291)	62,191,829
Furniture, equipment and machinery	3,647,920	133,773	(34,761)	3,746,932
Total depreciable assets	64,871,999	1,212,814	(146,052)	65,938,761
Less accumulated depreciation for:				
Buildings and improvements	18,040,136	2,235,920	(38,008)	20,238,048
Furniture, equipment and machinery	2,677,306	192,609	(147,163)	2,722,752
Total accumulated depreciation	20,717,442	2,428,529	(185,171)	22,960,800
Total Capital Assets, Net	$ 54,721,320	$ 1,569,870	$ (958,984)	$ 55,332,206

(5) Letter of credit

The Authority has available a secured $200,000 stand-by letter of credit from a bank which matures in November 2005. No amounts had been drawn as of June 30, 2005 or 2004.

(6) Bonds and notes payable

As of June 30, 2005 and 2004, bonds and notes payable are summarized as follows:

	2005	2004
1.93% to 4.15% 2003 Series Multi-Family Housing Lease Revenue Refunding Bonds, of $16,120,000 due 2004 to 2024,collateralized by a lease agreement and real property, net of advance refunding difference of $1,159,293 and unamortized discount of $75,556	$ 14,614,069	$ 14,885,152

(6) Bonds and notes payable (Continued)

	2005	2004
5.10% 2004 Series Mortgage Revenue Bonds of $5,400,000, due 2007 to 2035, collateralized by real property.	5,400,000	-
2.95% to 4.80% 2002 Multi-Family Housing Revenue Bonds, of $3,565,000 due 2003 to 2022,collateralized by real property	3,324,000	3,407,000
8.5% note payable to a bank, due after 90% occupancy rate for 90 days, collateralized by real property	3,161,775	3,187,784
8.5% note payable to a bank in monthly installments of $11,252 including interest, due April 9, 2005, collateralized by real property	1,085,045	1,140,758
3% note payable to Salt Lake City Corporation in annual installments of $93,784 including interest beginning April 1, 2006, due April 1, 2016, collateralized by real property	800,000	800,000
3% note payable due to Salt Lake City Corporation in monthly installments of $2,951 including interest beginning September 2004, and due September 2034, collateralized by real property.	681,776	-
3% note payable to Salt Lake City Corporation in monthly installments of $3,035 including interest beginning January 10, 2003, and due June 2022, collateralized by real property	680,226	695,989
1.0% mortgage note payable to Department of Housing and Urban Development in annual payments from surplus restricted cash, upaid principal and interest due June 1, 2034, collateralized by real property	628,968	628,968
8.75% mortgage payable to a bank in monthly installments of $6,410 including interest, due September 15, 2005, collateralized by real property	534,721	563,472

(6) Bonds and notes payable (Continued)

	2005	2004
3% note payable to Salt Lake City Corporation in monthly installments of $8,895 including interest, beginning April 1, 2016, due April 1, 2021, collateralized by real property	495,000	495,000
3% note payable to Salt Lake City Corporation in monthly installments of $2,773 including interest, beginning August 1, 2002, due July 1, 2022, collateralized by real property	442,704	462,378
Non-interest bearing note payable to Salt Lake City Corporation in annual installments of $11,667 beginning January 1, 2003 and due January 1, 2030, collateralized by real property	315,000	326,667
3% note payable to Salt Lake County in monthly installments of $1,510 beginning March 1, 2007 and due February 1, 2032, collateralized by property	294,788	286,509
Non-interest bearing note payable to Olene Walker Trust Fund, no payments specified, repayment required if property is sold or converted from low income use. Made up of $97,681 and $150,000	247,681	247,681
3% note payable to Salt Lake City Corporation in annual installments of various amounts, due July 2015, collateralized by real property.	218,549	239,448
3% note payable to Salt Lake County Division of Community Resources and Development in monthly installments of $935 including interest beginning January 2007 and due December 2033, collateralized by real property.	201,372	-
Non-interest bearing note payable to Salt Lake City Corporation, payments based on positive cash flows, due April 2031, collateralized by real property.	178,511	-

(6) **Bonds and notes payable (Continued)**

	2005	2004
4% note payable to Salt Lake County in annual installments of $18,395, including interest,due July 1, 2016, collateralized by real property	172,643	183,690
5% note payable to Salt Lake City Corporation in monthly installments of $836 including interest, due June 2034, collateralized by real property.	153,501	155,800
5% note payable to Olene Walker Trust Fund in monthly installments of $1,152, including interest, due March 1, 2018, collateralized by real property	133,187	140,158
Non-interest bearing note payable to Salt Lake City Corporation in monthly installments of $833, due December 2013, collateralized by real property	110,000	120,000
Non-interest bearing note payable to Salt Lake City, due November 2003, collateralized by property	117,284	117,284
Non-interest bearing note payable to Salt Lake County, payable in annual installments of $2,002, due March 1, 2051	91,316	93,320
3% note payable to the Housing Authority of the County of Salt Lake in annual installments of $8,402, including interest, due January 2016	83,633	89,354
3% note payable to Salt Lake City Corporation in monthly installments of $710 including interest, due July 1, 2016, collateralized by real property	82,687	88,630
5.00% loan payable to a bank in monthly installments of $955, including interest, due November 1, 2012, 2008, collateralized by real property	74,762	82,274
Non-interest bearing mortgages payable to Salt Lake City and other entities in various amounts and increments, due at various dates from 2004 to 2015, collateralized by real property	67,238	73,072

(6) Bonds and notes payable (Continued)

	2005	2004
3% note payable to Salt Lake City Corporation in annual installments of $1,404 including interest, due December 1, 2020	16,901	17,784
	34,407,337	28,528,172
Less current portion	735,936	677,156
	$ 33,671,401	$ 27,851,016

Bond and note maturities and interest costs are as follows:

Year Ending June 30,	Principal	Interest	Total
2006	$ 735,936	$ 1,511,870	$ 2,247,806
2007	818,279	1,519,795	2,338,074
2008	927,465	1,499,413	2,426,878
2009	964,795	1,463,535	2,428,330
2010	1,022,112	1,423,273	2,445,385
Thereafter	29,938,750	16,207,947	46,146,697
	$ 34,407,337	$ 23,625,833	$ 58,033,170

(7) Changes in non-current liabilities

Non-current liability activity for the year ended June 30, 2005 was as follows:

	June 30, 2004	Increases	Decreases	June 30, 2005	Current
Bonds payable	$ 18,292,152	$ 5,400,000	$ (354,083)	$ 23,338,069	$ 456,000
Notes payable	10,236,020	909,649	(76,401)	11,069,268	279,936
	28,528,172	6,309,649	(430,484)	34,407,337	735,936
Deposits and accruals	402,572	366,998	(318,823)	450,747	134,889
Total	$ 28,930,744	$ 6,676,647	$ (749,307)	$ 34,858,084	$ 134,889

(8) Shared project

The Authority participates with the Salt Lake County Housing Authority (the County) in the operation of a high-rise apartment complex for low-income elderly persons. The Authority and the County each own the apartment complex as tenants in common. Since the properties are adjacent, the Authority and the County share equally in the management and maintenance of the complex.

The Authority recognizes one-half of the expenditures incurred by this project. The County pays most of the related costs and bills the Authority for their share of costs.

(9) Economic dependency

Approximately 70% of revenues during 2005, (excluding gains and losses) were provided by one Federal Government Agency, HUD.

(10) Benefit plans

The Authority contributes to the Local Governmental Contributory Retirement System and Local Governmental Non-contributory Retirement System, which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the state legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System and Local Governmental Non-contributory Retirement System. A copy of the report may be obtained from the Systems.

Plan members in the Local Governmental Contributory Retirement System are required to contribute 6.00% of their annual covered salary (all is paid by the employer for the employee) and the Authority is required to contribute an additional 7.08% of their annual covered salary. In the Local Governmental Non-contributory Retirement System, the Authority is required to contribute 11.09% of the annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The Authority's contributions to the Local Governmental Contributory Retirement System for the years ending June 30, 2005, 2004 and 2003 were $18,256, $15,991, and $14,030, respectively and for the Non-contributory Retirement System the contributions for June 30, 2005, 2004 and 2003 were $336,061, $293,964, and $250,520, respectively. The contributions were equal to the required contributions for each plan.

The Authority also participates in the State's 401(k) Plan. Employees covered by any of the state retirement plans are eligible to participate. The Board of the Systems administers this plan.

(10) Benefit plans (Continued)

The Authority incurred expense for employer-paid contributions to the 401(k) plan for the year ended June 30, 2005, 2004 and 2003 of $81,224, $81,904, and $77,263, respectively.

(11) Commitments and contingencies

In the normal course of operations, the Authority receives grant funds from various Federal Agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Management believes that any liability for reimbursement which may arise as the result of audits of grant funds is not believed to be material.

(12) Subsequent events

In August of 2005 the Authority refinanced the Hidden Villa Apartments. The term is for three years with a balloon due in August of 2008. Prior to the due date the Authority will determine what course of action will be taken with respect to continued ownership.

Ground was broken in January of 2005 on the new 84 unit JSA II project. The project is adjacent to the Jefferson School Apartments. There are 48 tax credit units and 36 market units situated in 4 buildings. The Equity partner is American Express West Equity Fund Limited Partnership. The Bond financier is U.S. Bank, National Association. As of the end of November 2005 three buildings are ready for occupancy. The final building will be ready to lease by the middle of December 2005. The clubhouse will be done by late January 2006.

The Board of Commissioners of the Authority and Management have decided to change the fiscal year end of the properties to a calendar year end. They have written to HUD for approval and were given instructions by HUD that they are to report on an 18 month year from July 2005 to December 2006 in order to transition to a calendar year. This means the next audit issued will be in the summer of 2007 for the previous 18 months ending December 31, 2006.

Cedar Crest Apartments have been transitioned to serving homeless families. This will require operating subsidies which will come from the Pilot program.

In October HAME held a ground breaking for the Sunrise Apartments. This will be a 100 unit complex for homeless single men. There will be case workers and 24 hour a day security. The Authority is currently participating in a trial program to house chronically homeless throughout the community. The program is being funded by the State of Utah.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF SALT LAKE CITY

Schedule of Financial Data - Asset and Liabilities
June 30, 2005

Line Item	Account Description	Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.871	Section 8 MOD Rehab. Program 14.856	Capital Grant 14.872	HOPWA 14.241	Transitional Housing 14.235	Valor House Sundown 64.024	Shelter Plus Care 14.238	Home Funds 14.239
	ASSETS:									
	CURRENT ASSETS:									
	Cash:									
111	Cash - unrestricted	$ 1,325,480	$ 470,879	$ 51,851	$ 323	$ -	$ 541,537	$ 26,643	$ -	$ -
112	Cash - restricted - modernization and development	-	-	-	-	-	-	-	-	-
113	Cash - other restricted	76,365	105,488	-	-	-	-	-	-	-
114	Cash - tenant security deposits	18,244	-	-	-	-	3,150	7,750	-	-
100	Total cash	1,420,089	576,367	51,851	323	-	544,687	34,393	-	-
	Accounts and notes receivables:									
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	55,133	115,178	-	22,553	-	39,208	-
124	Accounts receivable - other government	4,300	-	-	-	11,517	106,700	112,726	-	-
125	Accounts receivable -miscellaneous	900	-	-	-	-	2,444	-	-	-
126	Accounts receivable- tenants - dwelling rents	21,164	-	-	-	-	8,360	4,309	-	-
126	Allowance for doubtful accounts - dwelling rents	(5,774)	-	-	-	-	(6,185)	(3,500)	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	20,590	-	55,133	115,178	11,517	133,872	113,535	39,208	-
131	Investments - unrestricted	-	-	-	-	-	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-
132	Accumulated amortization	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	21,214	2,267	382	3,155	-	245	559	-	-
143	Inventories	83,733	-	-	-	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-	-	-	-	-
146	Amounts to be provided	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	1,545,626	578,634	107,366	118,656	11,517	678,804	148,487	39,208	-
	NONCURRENT ASSETS:									
	Fixed assets:									
161	Land	3,671,338	-	-	-	-	238,371	85,898	-	50,000
162	Buildings	32,396,421	26,583	-	-	-	1,150,217	575,753	-	121,150
163	Furniture, equipment & machinery - dwellings	970,002	-	550	31,254	-	53,978	9,156	-	-
164	Furniture, equipment & machinery - administration	1,077,727	170,218	19,960	78,862	-	-	5,134	-	-
165	Leasehold improvements	-	-	-	-	-	-	178,511	-	-
166	Accumulated depreciation	(14,930,382)	(95,542)	(20,250)	(61,250)	-	(331,287)	(142,492)	-	(51,625)
167	Work in progress	-	-	-	2,160,503	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	23,185,106	101,259	260	2,209,369	-	1,111,279	711,960	-	119,525
171	Notes and mortgages receivable - non-current	5,794	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-	-
180	TOTAL NONCURRENT ASSETS	23,190,900	101,259	260	2,209,369	-	1,111,279	711,960	-	119,525
190	TOTAL ASSETS	$ 24,736,526	$ 679,893	$ 107,626	$ 2,328,025	$ 11,517	$ 1,790,083	$ 860,447	$ 39,208	$ 119,525

Multi Family 14.182	Ross Grant 14.870	Business Activities	State/ Local	TOTAL
$ -	$ -	$ 1,714,022	$ 3,354	$ 4,134,089
74,240	-	6,131,474	-	6,205,714
2,533	-	1,054,943	-	1,239,329
552	-	66,061	-	95,757
77,325	-	8,966,500	3,354	11,674,889
-	-	-	-	-
46,697	9,824	-	-	288,593
-	-	5,800	10,545	251,588
-	-	61,266	-	64,610
309	-	86,001	-	120,143
-	-	(50,996)	-	(66,455)
-	-	-	-	-
47,006	9,824	102,071	10,545	658,479
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
24,840	-	57,082	-	109,744
-	-	-	-	83,733
-	-	2,304,925	-	2,304,925
-	-	-	-	-
149,171	9,824	11,430,578	13,899	14,831,770
320,500	-	4,828,918	-	9,195,025
1,099,258	-	26,643,936	-	62,013,318
95,028	-	1,085,837	-	2,245,805
4,059	-	140,343	4,824	1,501,127
-	-	-		178,511
(596,768)	-	(6,726,917)	(4,287)	(22,960,800)
3,800	-	994,917	-	3,159,220
925,877	-	26,967,034	537	55,332,206
-	-	1,290	-	7,084
24,909	-	461,908	-	486,817
950,786	-	27,430,232	537	55,826,107
$ 1,099,957	$ 9,824	$ 38,860,810	$ 14,436	$ 70,657,877

HOUSING AUTHORITY OF SALT LAKE CITY

Schedule of Financial Data - Assets and Liabilities
June 30, 2005

Line Item	Account Description	Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.871	Section 8 MOD Rehab. Program 14.856	Capital Grant 14.872	HOPWA 14.241	Transitional Housing 14.235	Valor House Sundown 64.024	Shelter Plus Care 14.238	Home Funds 14.239
	LIABILITIES AND NET ASSETS:									
	LIABILITIES:									
	CURRENT LIABILITIES:									
312	Accounts payable < 90 days	$ 42,806	$ 6,634	$ 135	$ 63,698	$ -	$ 5,939	$ 12,086	$ -	$ -
313	Accounts payable > 90 days	-	22,728	-	-	-	16,405	-	-	-
321	Accrued wage/payroll taxes payable	40,408	24,324	2,561	-	-	4,063	12,065	-	-
322	Accrued compensated absences	11,644	5,744	605	-	-	824	2,809	-	-
325	Accrued interest payable	3,280	-	-	-	-	-	42	-	-
331	Accounts payable - HUD PHA programs	-	5,910	13,692	-	-	-	-	-	-
333	Accounts payable - other government	109,918	176	-	-	-	-	75,746	-	-
341	Tenant security deposits	18,244	-	-	-	-	3,150	7,750	-	-
342	Deferred revenues	20,593	4,138	-	-	-	1,570	25,773	-	-
343	Current portion of long-term debt - capital projects	21,526	-	-	-	-	3,282	909	-	-
345	Other current liabilities	26,379	3,732	556	-	-	2,094	1,206	-	-
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-
347	Inter-program - due to	-	-	-	54,958	11,517	-	-	39,208	-
310	TOTAL CURRENT LIABILITIES	294,798	73,386	17,549	118,656	11,517	37,327	138,386	39,208	-
	NONCURRENT LIABILITIES:									
351	Long-term debt, net of current-capital projects	197,023	-	-	-	-	99,127	323,353	-	171,150
353	Noncurrent liabilities- other	76,365	105,488	-	-	-	-	-	-	-
354	Long-term debt, compensated absences	58,389	38,950	4,100	-	-	6,064	19,188	-	-
350	TOTAL NONCURRENT LIABILITIES	331,777	144,438	4,100	-	-	105,191	342,541	-	171,150
300	TOTAL LIABILITIES	626,575	217,824	21,649	118,656	11,517	142,518	480,927	39,208	171,150
	NET ASSETS:									
508.1	Net Assets less Related Debt	22,966,557	101,259	260	2,209,369	-	1,008,870	387,698	-	(51,625)
505.0	Restricted Net Assets	94,609	105,488	-	-	-	3,150	7,750	-	-
507.0	Unrestricted Net Assets	1,048,785	255,322	85,717	-	-	635,545	(15,928)	-	-
513	TOTAL NET ASSETS	24,109,951	462,069	85,977	2,209,369	-	1,647,565	379,520	-	(51,625)
600	TOTAL LIABILITIES AND NET ASSETS	$ 24,736,526	$ 679,893	$ 107,626	$ 2,328,025	$ 11,517	$ 1,790,083	$ 860,447	$ 39,208	$ 119,525

Multi Family 14.182	Ross Grant 14.870	Business Activities	State/ Local	TOTAL
$ 1,804	$ 2,228	$ 651,789		$ 787,119
-	-	-	-	39,133
1,432	-	34,049	-	118,902
296	-	13,650	-	35,572
640	-	419,069	-	423,031
-	-	-	-	19,602
-	-	26,867	-	212,707
552	-	66,061	-	95,757
992	-	61,927		114,993
2,416	-	707,803	-	735,936
72	160	573,609	-	607,808
-	-	-	-	-
52,177	7,436	2,129,084	10,545	2,304,925
60,381	9,824	4,683,908	10,545	5,495,485
780,053	-	32,100,695	-	33,671,401
2,533	-	99,923	-	284,309
2,154	-	37,593	-	166,438
784,740	-	32,238,211	-	34,122,148
845,121	9,824	36,922,119	10,545	39,617,633
143,408	-	(5,841,465)	537	20,924,868
77,325	-	7,252,478	-	7,540,800
34,103	-	527,678	3,354	2,574,576
254,836	-	1,938,691	3,891	31,040,244
$ 1,099,957	$ 9,824	$ 38,860,810	$ 14,436	$ 70,657,877

HOUSING AUTHORITY OF SALT LAKE CITY

Schedule of Financial Data - Revenue and Expenses
June 30, 2005

Line Item	Account Description	Low Rent 14.850	Section 8 Housing Choice Voucher Program 14.871	Section 8 MOD Rehab. Program 14.856	Capital Grant 14.872	HOPWA 14.241	Transitional Housing 14.235	Valor House Sundown 64.024	Shelter Plus Care 14.238
	REVENUE:								
703	Net tenant rental revenue	$ 1,543,856	$ -	$ -	$ -	$ -	$ 53,163	$ 269,780	$ -
704	Tenant revenue - other	94,660	-	-	-	-	11,720	4,560	-
705	Total tenant revenue	1,638,516	-	-	-	-	64,883	274,340	-
706	HUD PHA grants	1,289,451	13,510,524	1,845,458	-	138,107	92,381	-	433,903
706.1	Capital grants	-	-	-	676,064	-	-	-	-
708	Other government grants	-	49,984	-	-	-	90,391	667,265	-
711	Investment income - unrestricted	16,436	8,197	1,158	-	-	8,144	270	-
715	Other revenue	22,904	2,189	-	118,559	-	13,371	20,600	-
716	Gain or loss on the sale of fixed assets	45,119	-	-	-	-	51,858	(102)	-
720	Investment income - restricted	-	-	-	-	-	-	-	-
700	**TOTAL REVENUE**	3,012,426	13,570,894	1,846,616	794,623	138,107	321,028	962,373	433,903
	EXPENSES:								
	Administrative								
911	Administrative salaries	541,362	738,316	73,648	-	6,993	55,116	321,240	30,054
912	Auditing fees	5,958	22,878	3,404	-	-	311	709	-
913	Outside management fees								
914	Compensated absences	4,862	1,308	963	-	-	455	2,321	-
915	Employee benefit contributions	210,672	298,597	29,669	-	2,807	21,267	128,459	11,817
916	Other operating	89,238	239,319	32,811	-	-	4,611	164,257	-
	Tenant services								
921	Tenant services - salaries	-	-	-	-	-	-	-	-
923	Employee benefit contributions	-	-	-	-	-	-	-	-
924	Tenant services - other	23,945	29,207	1,758	-	-	52,023	321,489	-
	Utilities								
931	Water	173,674	-	-	-	-	10,867	1,212	-
932	Electricity	154,877	-	-	-	-	8,528	1,371	-
933	Gas	134,420	-	-	-	-	15,194	2,922	-
	Ordinary maintenance and operation								
941	Labor	495,679	-	-	-	-	43,327	24,063	-
942	Materials and other	192,865	2,536	264	-	-	10,877	15,488	-
943	Contract costs	293,672	49	-	115,403	-	13,283	7,364	-
945	Employee benefit contributions	162,321	-	-	-	-	16,825	4,600	-
	Protective services								
951	Protective services - labor	-	-	-	-	-	-	-	-
955	Employee benefit contributions	-	-	-	-	-	-	-	-
	General expenses								
961	Insurance premiums	155,003	15,015	2,066	-	-	6,546	5,417	-
962	Other general expenses	30	26,237	-	-	-	-	508	-
963	Payments in lieu of taxes	109,918	-	-	-	-			
964	Bad debt - tenant rents	33,677	-	-	-	-	11,927	8,291	-
967	Interest expense	13,896	-	-	-	-	5	520	-
969	**TOTAL OPERATING EXPENSES**	2,796,069	1,373,462	144,583	115,403	9,800	271,162	1,010,231	41,871
970	**EXCESS OPERATING REVENUE OVER OPERATING EXPENSES**	216,357	12,197,432	1,702,033	679,220	128,307	49,866	(47,858)	392,032
971	Extraordinary maintenance	2,900	5,868	-	-	-	-	5,560	-
972	Casualty losses - non-capitalized	2,052	-	-	-	-	-	-	-
973	Housing assistance payments	-	12,068,413	1,674,600	-	128,307	-	-	392,032
974	Depreciation expense	1,160,254	22,954	318	24,907	-	31,780	58,544	-
900	**TOTAL EXPENSES**	3,961,275	13,470,697	1,819,501	140,310	138,107	302,942	1,074,335	433,903
	OTHER FUNDING SOURCES (USES)								
1008	Extraordinary expense	-	-	-	-	-	-	75,746	-
1000	**EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES**	(948,849)	100,197	27,115	654,313	-	18,086	(187,708)	-
MEMO account information									
1101	Capital outlays	-	-	-	-	-	-	-	-
1102	Debt principal payments - enterprise funds	-	-	-	-	-	3,282	852	
1103	Beginning equity	24,163,760	361,872	58,862	2,450,096	-	1,629,479	567,228	-
1104	Prior period adjustments and equity transfers	895,040	-	-	(895,040)	-	-	-	-
1120	Unit months available	7,306	25,668	4,272	-	300	396	864	900
1121	Number of unit months leased	7,171	25,095	4,061	-	284	370	764	971

Home Funds 14.239	Multi Family 14.182	Ross Grant 14.870	Business Activities	State/ Local	TOTAL
$ -	$ 37,403	$ -	$ 3,895,117	-	$ 5,799,319
-	5,290	-	162,289	-	278,519
-	42,693	-	4,057,406	-	6,077,838
-	100,940	57,002	-	-	17,467,766
-	-	-	-	-	676,064
-	-	-	-	32,413	840,053
-	245	-	19,733	-	54,183
-	-	-	964,162	-	1,141,785
-	(926)	-	10,784	-	106,733
-	9	-	13,056	-	13,065
-	142,961	57,002	5,065,141	32,413	26,377,487
-	28,553	4,914	494,289	-	2,294,485
-	189	994	21,500	-	55,943
			-	-	-
-	186	-	2,488	-	12,583
-	11,329	2,095	185,020	-	901,732
-	4,144	3,549	113,558	-	651,487
-	-	12,114	-	-	12,114
-	-	4,998	-	-	4,998
-	35	28,320	22,851	-	479,628
-	6,827	-	106,112	-	298,692
-	1,201	-	94,779	-	260,756
-	156	-	81,023	-	233,715
-	12,046	-	338,949	-	914,064
-	6,043	-	134,386	-	362,459
-	13,199	18	258,590	-	701,578
-	4,827	-	132,876	-	321,449
-	-	-	-	25,508	25,508
-	-	-	-	4,195	4,195
-	3,579	-	135,161	-	322,787
-	1,255	-	105,537	2,710	136,277
			-	-	109,918
-	1,490	-	70,984	-	126,369
-	7,728	-	1,211,316	-	1,233,465
-	102,787	57,002	3,509,419	32,413	9,464,202
-	40,174	-	1,555,722	-	16,913,285
-	6,743	-	70,272	-	91,343
-	-	-	-	-	2,052
-	-	-	-	-	14,263,352
11,941	40,474		1,090,634	787	2,442,593
11,941	150,004	57,002	4,670,325	33,200	26,263,542
-	-	-	-	-	75,746
(11,941)	(7,043)	-	394,816	(787)	38,199
-	-	-	-	-	-
	11,080	-	461,687	-	476,901
(39,684)	261,879	-	1,543,875	4,678	31,002,045
-	-	-	-	-	-
-	240	-	7,092	-	47,038
-	236	-	6,620	-	45,572

HOUSING AUTHORITY OF SALT LAKE CITY

Business Activities Combining Schedule of Financial Data - Asset and Liabilities
June 30, 2005

Line Item	Account Description	Pauline Downs, LLC	HAME	Cedarcrest, LLC	Jefferson School Apartments, LLC	Jefferson School II	Sunrise Apartments	State Fund	Housing Development Corporation	Canterbury	Cambridge Cove	Elimination Entries	Total Business Activities
	ASSETS:												
	CURRENT ASSETS:												
	Cash:												
111	Cash - unrestricted	$ 65,554	$ 656,609	$ 23,378	$ 34,932	$ -	$ 302,035	$ 126,061	$ 418,703	$ 86,450	$ 300	$ -	$ 1,714,022
112	Cash - restricted - modernization and development	-	-	-	104,765	5,897,877	-	-	-	-	128,832	-	6,131,474
113	Cash - other restricted	7,600	4,400	-	16,000	-	-	-	1,022,184	3,193	1,566	-	1,054,943
114	Cash - tenant security deposits	10,497	1,738	358	3,376	-	-	-	41,095	4,811	4,186	-	66,061
100	Total cash	83,651	662,747	23,736	159,073	5,897,877	302,035	126,061	1,481,982	94,454	134,884	-	8,966,500
	Accounts and notes receivables:												
121	Accounts receivable - PHA projects	-	-	-	-	-	-	-	-	-	-	-	-
122	Accounts receivable - HUD other projects	-	-	-	-	-	-	-	-	-	-	-	-
124	Accounts receivable - other government	-	-	-	-	-	-	5,800	-	-	-	-	5,800
125	Accounts receivable -miscellaneous	-	-	-	-	15,175	-	46,091	-	-	-	-	61,266
126	Accounts receivable- tenants - dwelling rents	41,075	6,459	8,487	5,820	-	-	-	2,739	13,577	7,844	-	86,001
126	Allowance for doubtful accounts - dwelling rents	(26,775)	(4,953)	(6,516)	(1,506)	-	-	-	(296)	(7,147)	(3,803)	-	(50,996)
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for doubtful accounts	14,300	1,506	1,971	4,314	15,175	-	51,891	2,443	6,430	4,041	-	102,071
131	Investments - unrestricted	-	77,795	-	-	-	-	353,264	-	-	-	(431,059)	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-	-	-
132	Accumulated amortization	-	-	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	16,169	5,075	2,552	16,679	-	-	450	10,504	3,256	2,397	-	57,082
143	Inventories	-	-	-	-	-	-	-	-	-	-	-	-
144	Interprogram - due from	-	-	-	-	-	-	2,304,925	-	-	-	-	2,304,925
146	Amounts to be provided	-	-	-	-	-	-	-	-	-	-	-	-
150	TOTAL CURRENT ASSETS	114,120	747,123	28,259	180,066	5,913,052	302,035	2,836,591	1,494,929	104,140	141,322	(431,059)	11,430,578
	NONCURRENT ASSETS:												
	Fixed assets:												
161	Land	100,000	279,150	23,500	-	1,148,396	-	1,098,146	1,105,743	328,983	745,000	-	4,828,918
162	Buildings	3,364,271	1,493,109	387,013	5,914,135	-	-	21,899	10,541,714	1,476,324	3,445,471	-	26,643,936
163	Furniture, equipment & machinery - dwellings	272,703	45,276	33,587	118,377	-	-	1,028	291,689	109,082	214,095	-	1,085,837
164	Furniture, equipment & machinery - administration	19,077	1,651	1,419	20,238	-	-	32,190	53,259	9,880	2,629	-	140,343
165	Leasehold improvements	-	-	-	-	-	-	-	-	-	-		-
166	Accumulated depreciation	(1,505,889)	(387,816)	(204,139)	(536,193)	-	-	(29,396)	(3,299,030)	(435,885)	(328,569)	-	(6,726,917)
167	Work in progress	6,950	-	-	-	987,967	-	-	-	-	-	-	994,917
160	Total fixed assets, net of accumulated depreciation	2,257,112	1,431,370	241,380	5,516,557	2,136,363	-	1,123,867	8,693,375	1,488,384	4,078,626	-	26,967,034
171	Notes and mortgages receivable - non-current	-	-	-	-	-	-	-	-	-	1,290	-	1,290
174	Other assets	70,024	-	1,781	197,435	-	-	-	146,475	-	46,193	-	461,908
180	TOTAL NONCURRENT ASSETS	2,327,136	1,431,370	243,161	5,713,992	2,136,363	-	1,123,867	8,839,850	1,488,384	4,126,109	-	27,430,232
190	TOTAL ASSETS	$2,441,256	$2,178,493	$ 271,420	$5,894,058	$8,049,415	$ 302,035	$3,960,458	$10,334,779	$1,592,524	$4,267,431	$ (431,059)	$38,860,810

HOUSING AUTHORITY OF SALT LAKE CITY

Business Activities Combining Schedule of Financial Data - Assets and Liabilities
June 30, 2005

Line Item	Account Description	Pauline Downs, LLC	HAME	Cedarcrest, LLC	Jefferson School Apartments, LLC	Jefferson School II	Sunrise Apartments	State Fund	Housing Development Corporation	Canterbury	Cambridge Cove	Elimination Entries	Total Business Activities
	LIABILITIES AND NET ASSETS:												
	LIABILITIES:												
	CURRENT LIABILITIES:												
312	Accounts payable < 90 days	$ 8,673	$ 3,747	$ 273	$ 3,117	$ 604,582	$ -	$ 3,647	$ 17,822	$ 5,297	$ 4,631	$ -	$ 651,789
313	Accounts payable > 90 days	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued wage/payroll taxes payable	3,508	1,781	276	2,777	-	-	13,061	7,368	2,667	2,611	-	34,049
322	Accrued compensated absences	4,679	1,410	375	3,190	-	-	1,456	1,456	534	550	-	13,650
325	Accrued interest payable	7,439	4,105	312	23,731	-	-	1,107	326,883		55,492	-	419,069
331	Accounts payable - HUD PHA programs	-	-	-	-	-	-	-	-	-	-	-	-
333	Accounts payable - other government	-	-	-	-	2,867	-	-	24,000	-	-	-	26,867
341	Tenant security deposits	10,497	1,738	358	3,376	-			41,095	4,811	4,186	-	66,061
342	Deferred revenues	3,822	8,215	5	10,660	-	-	10,970	25,609	1,093	1,553	-	61,927
343	Current portion of long-term debt - capital projects	74,608	37,496	12,455	35,593	14,761	-	31,940	381,490	17,218	102,242	-	707,803
345	Other current liabilities	179	567,743	-	367	-	-	-	3,043	1,041	1,236	-	573,609
346	Accrued liabilities - other	-	-	-	-	-	-	-	-	-	-	-	-
347	Inter-program - due to	-	146,741	45,112	800,043	674,175	-	-	52,912	-	410,101	-	2,129,084
310	TOTAL CURRENT LIABILITIES	113,405	772,976	59,166	882,854	1,296,385	-	62,181	881,678	32,661	582,602	-	4,683,908
	NONCURRENT LIABILITIES:												
351	Long-term debt, net of current-capital projects	1,204,070	608,859	87,186	3,259,369	6,268,387	-	970,552	14,405,222	1,277,782	4,019,268	-	32,100,695
353	Noncurrent liabilities- other	7,600	4,400	-	16,000	-	-	45,000	22,164	3,193	1,566	-	99,923
354	Long-term debt, compensated absences	2,797	2,397	216	2,743	-	-	10,646	10,871	3,959	3,964	-	37,593
350	TOTAL NONCURRENT LIABILITIES	1,214,467	615,656	87,402	3,278,112	6,268,387	-	1,026,198	14,438,257	1,284,934	4,024,798	-	32,238,211
300	TOTAL LIABILITIES	1,327,872	1,388,632	146,568	4,160,966	7,564,772	-	1,088,379	15,319,935	1,317,595	4,607,400	-	36,922,119
	NET ASSETS:												
508.1	Net Assets less Related Debt	978,434	785,015	141,739	2,221,595	(4,146,786)	-	121,375	(6,093,337)	193,384	(42,884)	-	(5,841,465)
505.0	Restricted Net Assets	18,097	6,138	358	124,141	5,897,877	-	-	1,063,279	8,004	134,584	-	7,252,478
507.0	Unrestricted Net Assets	116,853	(1,292)	(17,245)	(612,644)	(1,266,448)	302,035	2,750,704	44,902	73,541	(431,669)	(431,059)	527,678
513	TOTAL NET ASSETS	1,113,384	789,861	124,852	1,733,092	484,643	302,035	2,872,079	(4,985,156)	274,929	(339,969)	(431,059)	1,938,691
600	TOTAL LIABILITIES AND NET ASSETS	$ 2,441,256	$ 2,178,493	$ 271,420	$ 5,894,058	$8,049,415	$ 302,035	$ 3,960,458	$ 10,334,779	$ 1,592,524	$4,267,431	$ (431,059)	$ 38,860,810

HOUSING AUTHORITY OF SALT LAKE CITY

Business Activities Combining Schedule of Financial Data - Revenue and Expenses
June 30, 2005

Line Item	Account Description	Pauline Downs, LLC	HAME	Cedarcrest, LLC	Jefferson School Apartments, LLC	Jefferson School Apartments II	Sunrise Apartments	State Fund	Housing Development Corporation	Canterbury	Cambridge Cove	Elimination Entries	Total Business Activities
	REVENUE:												
703	Net tenant rental revenue	$ 539,254	$ 231,843	$ 60,799	$ 631,641	$ -	$ -	$ -	$ 1,495,127	$ 486,761	$ 449,692	$ -	$3,895,117
704	Tenant revenue - other	50,466	8,258	6,338	34,905	-	-	-	42,126	10,555	9,641	-	162,289
705	Total tenant revenue	589,720	240,101	67,137	666,546	-	-	-	1,537,253	497,316	459,333	-	4,057,406
706	HUD PHA grants	-	-	-	-	-	-	-	-	-	-	-	-
706.1	Capital grants	-	-	-	-	-	-	-	-	-	-	-	-
708	Other government grants	-	-	-	-	-	-	-	-	-	-	-	-
711	Investment income - unrestricted	717	2,073	225	692	-	2,035	11,791	6,957	932	(5,689)	-	19,733
715	Other revenue	-	23,149	-	-	495,057	300,000	326,969	235,680	-	-	(416,693)	964,162
716	Gain or loss on the sale of fixed assets	(36)	(12,296)	-	(109)	-	-	23,885	(659)	-	(1)	-	10,784
720	Investment income - restricted	-	-	-	444	-	-	-	11,038		1,574	-	13,056
700	**TOTAL REVENUE**	590,401	253,027	67,362	667,573	495,057	302,035	362,645	1,790,269	498,248	455,217	(416,693)	5,065,141
	EXPENSES:												
	Administrative												
911	Administrative salaries	59,997	57,715	7,265	65,636	-	-	111,062	102,405	41,780	48,429	-	494,289
912	Auditing fees	1,547	489	197	15,985	-	-	-	1,863	738	681	-	21,500
913	Outside management fees	-	-	-	-	-	-	-	-	-	-	-	-
914	Compensated absences	6	-	47	2	-	-	765	899	353	416	-	2,488
915	Employee benefit contributions	24,367	19,136	2,335	25,132	-	-	43,462	37,654	14,652	18,282	-	185,020
916	Other operating	40,839	6,705	6,998	75,647	-	-	31,045	82,303	21,738	19,865	(171,582)	113,558
	Tenant services												
921	Tenant services - salaries	-	-	-	-	-	-	-	-	-	-	-	-
923	Employee benefit contributions	-	-	-	-	-	-	-	-	-	-	-	-
924	Tenant services - other	1,903	235	138	2,592	-	-	-	15,624	1,154	1,205		22,851
	Utilities												
931	Water	13,097	13,835	2,466	11,435	-	-	-	23,403	23,648	18,228	-	106,112
932	Electricity	22,531	2,713	1,066	6,186	-	-	-	55,091	3,831	3,361	-	94,779
933	Gas	35,568	2,292	502	3,234	-	-	-	33,817	3,685	1,925	-	81,023
	Ordinary maintenance and operation												
941	Labor	70,320	24,632	4,677	44,120	-	-	64,566	80,926	30,583	19,125	-	338,949
942	Materials and other	21,623	15,405	3,467	16,977	-	-	2,321	37,353	20,890	16,350	-	134,386
943	Contract costs	38,325	16,760	7,108	26,474	-	-	2,122	89,470	40,931	37,400	-	258,590
945	Employee benefit contributions	27,335	8,770	1,764	16,761	-	-	26,070	32,903	11,604	7,669	-	132,876
	Protective services												
951	Protective services - labor	-	-	-	-	-	-	-	-	-	-	-	-
955	Employee benefit contributions	-	-	-	-	-	-	-	-	-	-	-	-
	General expenses												
961	Insurance premiums	18,373	6,770	3,476	22,930	-	-	183	49,394	19,576	14,459	-	135,161
962	Other general expenses	23,710	443	1	19,629	-	-	23,634	54,767	236,018	3,615	(256,280)	105,537
963	Payments in lieu of taxes	-	-	-	-	-	-	-	-	-	-	-	-
964	Bad debt - tenant rents	37,967	8,545	9,185	5,521	-	-	-	1,356	2,316	6,094	-	70,984
967	Interest expense	61,112	50,522	3,912	257,379	10,414	-	21,831	635,563	-	170,583	-	1,211,316
969	TOTAL OPERATING EXPENSES	498,620	234,967	54,604	615,640	10,414	-	327,061	1,334,791	473,497	387,687	(427,862)	3,509,419
970	EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	91,781	18,060	12,758	51,933	484,643	302,035	35,584	455,478	24,751	67,530	11,169	1,555,722
971	Extraordinary maintenance	2,797	12,246	1,203	3,559	-	-	-	36,054	14,413	-	-	70,272
972	Casualty losses - non-capitalized	-	-	-	-	-	-	-	-	-	-	-	-
973	Housing assistance payments	-	-	-	-	-	-	-	-	-	-	-	-
974	Depreciation expense	148,349	45,479	19,386	262,328	-	-	4,537	430,682	56,786	123,087	-	1,090,634
1008													
900	TOTAL EXPENSES	649,766	292,692	75,193	881,527	10,414	-	331,598	1,801,527	544,696	510,774	(427,862)	4,670,325
	OTHER FUNDING SOURCES (USES)												
1008	Extraordinary expense	-	-	-	-	-	-	-	-	-	-	-	-
1000	EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	(59,365)	(39,665)	(7,831)	(213,954)	484,643	302,035	31,047	(11,258)	(46,448)	(55,557)	11,169	394,816
	MEMO account information												
1101	Capital outlays	-	-	-	-	-	-	-	-	-	-	-	-
1102	Debt principal payments - enterprise funds	-	-	-	-	-	-	-	-	-	-	-	-
1103	Beginning equity	1,172,749	829,526	132,683	1,947,046	-	-	2,841,032	(4,962,699)	310,178	(284,412)	(442,228)	1,543,875
1104	Prior period adjustments and equity transfers	-	-	-	-	-	-	-	(11,199)	11,199	-	-	-
1120	Unit months available	1,344	72	144	1,008	-	-	-	2,748	924	852	-	7,092
1121	Number of unit months leased	1,228	66	115	987	-	-	-	2,569	874	781	-	6,620

SINGLE AUDIT AND

GOVERNMENTAL REPORTS

HOUSING AUTHORITY OF SALT LAKE CITY

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

Year ended June 30, 2005

Agency/Program Grant Title	Federal CFDA Number	Federal Assistance ID Number	Amount of Expenditures
United States Department of Housing and Urban Development (HUD)			
Section 8 Subsidized Housing Programs - Direct Awards:			
Moderate Rehabilitation	14.856	UT004MR002	$ 1,845,458
Housing Choice	14.871	UT004V0	13,510,524
New Construction	14.182	UT99-H001-018	100,940
Public Housing Programs - Direct Awards:			
Public and Indian Housing	14.850	UT06-P004-31	1,289,451
Capital Grant	14.872	UT06-P004-509	794,623
Other Programs - Direct awards:			
Resident Opportunities and Self Sufficiency Grant	14.870	UT99RSF004PO172	57,002
Shelter Care Plus	14.238	UT00931186	433,903
Supportive Housing Program	14.235	UT00B800007	92,381
Pass-through programs from State of Utah, Department of Community and Economic Development:			
Housing Opportunities for Persons with Aids	14.241	100/710-953/8	138,107
Total HUD			18,262,389
U.S. Department of Veterans Affairs			
Direct Awards:			
Homeless Providers Program	64.024	98008UT	667,265
Total Federal Expenditures			$18,929,654

HOUSING AUTHORITY OF SALT LAKE CITY

SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS - CONTINUED

Year ended June 30, 2005

Notes to Schedules of Expenditure of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of Salt Lake City, 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 basic financial statements.

HOUSING AUTHORITY OF SALT LAKE CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2005

SECTION 1 - 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 weaknesses?	_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 weaknesses?	_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	Name of Federal Program or Cluster
14.871	Housing Choice Vouchers
14.850	Public and Indian Housing

Dollar threshold used to distinguish between type A and type B programs:	$565,519	
Auditee qualified as low-risk auditee?	X yes	_no

HOUSING AUTHORITY OF SALT LAKE CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended June 30, 2005

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted related to our audit of the financial statements.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were noted related to our audit of the federal awards.

HOUSING AUTHORITY OF SALT LAKE CITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2005

Department of Housing and Urban Development.

There were no prior audit findings to report.

U.S. Department of Veterans Affairs.

There were no prior audit findings to report.

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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

Board of Commissioners
Housing Authority of Salt Lake City

We have audited the financial statements of the Housing Authority of Salt Lake City (the Authority), as of and for the year ended June 30, 2005, and have issued our report thereon dated October 15, 2005. We conducted our audit in accordance with generally accepted auditing standards 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 Authority'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 over financial reporting that might be material weaknesses. A material weakness is a 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. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Authority in a separate letter dated October 15, 2005.

Compliance

As part of obtaining reasonable assurance about whether the Authority'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards.*

This report is intended for the information of management, the Board of Commissioners, and federal and state funding agencies, and is not intended to be and should not be used by anyone other than those specified parties.

Maya Hoffman McCann P.C.

Salt Lake City, Utah
October 15, 2005

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

Board of Commissioners
Housing Authority of Salt Lake City

We have audited the compliance of the Housing Authority of Salt Lake City (the Authority), 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 Authority's major federal programs are identified in the summary of auditors' 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 Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

Compliance

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 Authority'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 Authority's compliance with those requirements.

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

Internal Control Over Compliance

The management of the Authority 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 Authority'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 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 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 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.

This report is intended for the information of management, the Board of Commissioners, and federal and state funding agencies and is not intended to be and should not be used by anyone other than those specified parties.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
October 15, 2005

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REPORT ON LEGAL COMPLIANCE WITH APPLICABLE UTAH STATE LAWS AND REGULATIONS

We have audited the financial statements of the Housing Authority of Salt Lake City (the Authority), for the year ended June 30, 2005, and have issued our report thereon dated October 15, 2005.

Our audit included test work on the Authority's compliance with applicable general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt	Cash Management
Purchasing Requirements	Budgetary compliance

The Authority did not receive any major or nonmajor state grants during the year ended June 30, 2005.

The management of the Authority is responsible for the Authority's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Authority complied, in all material respects, with the general compliance requirements identified above for the year ended June 30, 2005.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
October 15, 2005

HOUSING AUTHORITY OF SALT LAKE CITY

MANAGEMENT LETTER

June 30, 2005

MHM

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Board of Commissioners
Housing Authority of Salt Lake City

In planning and performing our audit of the financial statements of the Housing Authority of Salt Lake City, (the Authority), as of June 30, 2005, and for the year then ended, we considered the Authority's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and improving operating efficiency. This letter does not affect our report dated October 15, 2005, on the financial statements of the Authority.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various personnel and a number of the suggestions have already been implemented.

We sincerely appreciated the cooperation and assistance of the Authority personnel during our audit.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
October 15, 2005

HOUSING AUTHORITY OF SALT LAKE CITY

MANAGEMENT COMMENTS

Independent Contractors vs. Employees

Observation

During our testing of payroll and review of personnel policies, we noted that the Authority has contracts for services with individuals who could be considered employees under federal and state guidelines.

Recommendation

We recommend the Authority review the IRS regulations regarding the classification of individuals as employees or independent contractors. The Authority should review these regulations to ensure compliance with federal and state laws and regulations including payment of the appropriate payroll taxes. We have attached an IRS publication which provides guidance in this area.

When using independent contractors, the Authority should mitigate risks for which they may or may not be adequately insured. The Authority should review their insurance policies to determine if they are adequately covered for actions of independent contractors, require independent contractors to maintain appropriate insurance coverage and licensure, and determine whether the unmitigated exposure justifies the use of independent contractors in these situations.

Response

We are actively researching the feasibility of bringing all part time people who perform various tasks for the Housing Authority of Salt Lake City onto the payroll system.

Accounting for Travel and Entertainment Expenses

Observation

Travel and entertainment expense reports, including cash advances, are processed and reviewed by an individual who is not part of the finance department.

Recommendation

Given the current environment in which greater accountability is being required of both public and private entities we recommend that accounting and approval of expense reports and travel and entertainment expenses occur under the oversight of the finance department.

Response

We have a proposed draft of a travel policy effective January 1, 2006 which moves the function of travel reconciliation from the administrative assistant to the finance department.

Conflict of Interest and Nepotism Policies

Observation

The Authority is a governmental entity and receives a majority of its funds from the federal government. It is critical that appropriate conflict of interest and nepotism polices be in place and that the Board of Directors, in their capacity as a governance body, ensures that all internal policies are implemented.

Recommendation

Employees and Board members should be required to sign a conflict of interest policy each year. These should be kept on file by the Authority with adherence to the policy monitored by the Board of Directors.

An effective conflict of interest policy would require that all employees and board members disclose any interest that they or members of their family have in any entity that does business with the organization.

The Board of Directors should review the current nepotism policy and determine whether the policy has been implemented. If the policy has not been implemented or is ineffective, the Board should revise the policy or implement procedures to ensure compliance with the policy.

Response

This area of interest is currently being negotiated with our attorney, upper management and the board. We anticipate a resolution by March 2006.

Property and Equipment

Observation

During our audit of property and equipment, we noted that certain inconsistencies exist as to when assets are placed in service and depreciated. Some of these inconsistencies exist due to reporting issues with HUD.

Recommendation

The Authority should draft a policy which describes the various fixed asset and depreciation policies to ensure that accounting for property and equipment is consistent. Whenever practical, the assets should be depreciated over their estimated useful lives when placed in service.

Response

An exception to our current capitalization policy has been drafted. This exception policy is allowed for Capital Fund purchases only. It states that any purchases made by the Capital Fund will not be capitalized until the Capital Fund has been closed out and all administrative fees allocated to the projects based on purchases.