

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND OMB CIRCULAR A-133 REPORTS

**GEORGIA HOUSING AND FINANCE AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF GEORGIA)**

JUNE 30, 2012

Georgia Housing and Finance Authority  
(a component unit of the State of Georgia)

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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 Board of Directors  
Georgia Housing and Finance Authority:

We have audited the basic financial statements of the Georgia Housing and Finance Authority (the Authority), a component unit of the State of Georgia, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012. 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 Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

*Reznick Group, P.C.*

Atlanta, Georgia  
September 27, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors  
Georgia Housing and Finance Authority:

Compliance

We have audited Georgia Housing and Finance Authority's (the Authority) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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.

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 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012. Our audit was performed for the purpose of forming our opinion on the basic financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Reznick Group, P.C.*

Atlanta, Georgia  
September 27, 2012

Georgia Housing and Finance Authority  
(a component unit of the State of Georgia)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2012

Federal Grantor/Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Housing and Urban Development (Direct Program):			
Housing Counseling Assistance	14.169		\$ 138,695
Emergency Shelter Grant Program	14.231		2,508,242
Homeless Management Information System	14.235		603,644
Shelter Plus Care	14.238		9,862,640
Home Investment Partnership Program	14.239		20,086,164
Housing Opportunities for Persons with AIDS	14.241		1,783,685
ARRA - Homelessness Prevention	14.257		3,378,421
ARRA - Tax Credit Assistance Program	14.258		<u>5,107,650</u>
			43,469,141
U.S. Department of Housing and Urban Development (Indirect):			
Program Cluster - CDBG State Administered Small Cities: Passed through Georgia Department of Community Affairs: Neighborhood Stabilization Program	14.228	B-08-DN-13-0001	<u>2,439,666</u>
Total U.S. Department of Housing and Urban Development			45,908,807
U.S. Department of Treasury (Direct Program):			
Hardest Hit Program	N/A	N/A	11,905,094
State Small Business Credit Initiative	N/A	N/A	<u>299,963</u>
			12,205,057
U.S. Department of Treasury (Indirect):			
Pass through from NeighborWorks America National Foreclosure Mitigation Counseling Program	21.000	PL112-1095X1350 PL112-55:95X1350	<u>665,722</u>
Total U.S. Department of Treasury			12,870,779
Total Federal Expenditures			<u><u>\$ 58,779,586</u></u>

Georgia Housing and Finance Authority  
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Georgia Housing and Finance Authority (the Authority). The Authority receives direct financial assistance from the U.S. Department of Housing and Urban Development and the U.S. Department of Treasury. Indirect federal financial assistance is received from the Georgia Department of Community Affairs and NeighborWorks America.

NOTE 2 - REPORTING ENTITY

The powers of the Authority are vested in the Authority's Board, which consists of the same persons who comprise the Board of the Department of Community Affairs. Board members are appointed by the Governor and are composed of one member from each United States Congressional District in the State (currently 13) plus five additional members from the State at large and will include elected officials of counties or municipalities, individuals with an interest or expertise in community or economic development, environmental issues, housing development or finance or citizens who in the judgment and discretion of the Governor enhance the Department's Board. The Commissioner of the Department of Community Affairs is the Executive Director of the Authority. The State exercises oversight responsibility by approving the Authority's Administrative Fund operating budget and authorizing bond capacity. The Authority does not adopt an annual budget for its state grants and local programs. Due to the extent of the State's oversight responsibility and given the composition of the Authority's Board, the Authority is considered an instrumentality and component unit of the State of Georgia.

NOTE 3 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using 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.

Georgia Housing and Finance Authority  
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

June 30, 2012

NOTE 4 - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Authority provided federal awards to subrecipients as follows:

<u>Program title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
HOME Investment Partnership Program	14.239	\$3,793,956

Georgia Housing And Finance Authority  
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2012

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: unqualified opinion

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified? No

Type of auditor’s report issued on compliance for major programs: unqualified opinion

Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133? No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.231	Emergency Shelter Grant Program
14.238	Shelter Plus Care
14.239	Home Investment Partnership Program
14.257	Homelessness Prevention
14.241	Housing Opportunities for Persons with AIDS
21.000	National Foreclosure Mitigation Counseling Program

Dollar threshold used to distinguish between type A and type B programs: \$641,421

Auditee qualified as low-risk auditee? Yes

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2012

**Section II – Financial Statement Findings**

There were no findings related to the financial statements reported in accordance with Government Auditing Standards for the year ended June 30, 2012.

**Section III – Federal Award Findings and Questioned Costs**

There were no findings relating to federal awards for the year ended June 30, 2012.

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STATUS OF PRIOR YEAR FINDINGS

Year ended June 30, 2012

<u>Finding Number</u>	<u>Description</u>	<u>Status</u>
2011-1	Subgrantees did not have adequate documentation of income verification.	The finding has been cleared