



OFFICE OF THE STATE AUDITOR

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Audit Reveals Shrewsbury Housing Authority's Negative Operating Reserves

Auditor Bump highlights trend among local housing agencies

BOSTON, MA —State Auditor Suzanne Bump today issued three audits of local housing authorities (Shrewsbury, Webster, and Millbury), each finding the authority's operating reserves were well below the State's recommended level. Noting a trend of declining fiscal health among housing authorities, Auditor Bump sent a letter to Aaron Gornstein, Undersecretary of the Department of Housing Community Development (DHCD), to raise his awareness of the issue.

"A correctly calculated operating reserve is not just an indicator of an entity's financial status," said Auditor Bump. "Significantly underfunded operating reserves raise serious concerns about the authorities' ability to address emergency situations that arise."

Today's audits revealed that three housing authorities failed to comply with state guidelines which require the agencies to retain at least 20% of its fiscal year budgeted expenditures in an operating reserve:

- Shrewsbury Housing Authority's operating reserve, experiencing three years of decline, held a \$12,688 negative balance in FY2010, \$156,127 below its minimum level.
- The Webster Housing Authority's operating reserves held an \$18,399 balance in FY2009, \$75,943 below its minimum level.
- The Millbury Housing Authority's operating reserves held a \$5,642 balance in FY2010, \$91,258 below its minimum level.

Auditor Bump made recommendations to each housing authority to review future budgets and monitor current spending in order to ensure adequate funds are available for unforeseen or emergency circumstances. In her letter, Auditor Bump requested a meeting with Undersecretary Gornstein to discuss this and other issues relating to housing authorities.

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