



CITY OF TAMPA

Pam Iorio, Mayor

Internal Audit Department

Wayne Boytim, Acting Internal Audit Director

January 13, 2006

Honorable Pam Iorio
Mayor, City of Tampa
1 City Hall
Tampa, Florida 33602

RE: Tampa United Methodist Centers, Inc., Audit 05-27

Dear Mayor Iorio,

At the request of the City Attorney and Business and Housing Development (BHD) Director, we performed certain procedures, as enumerated below, regarding information outlined in the August 12, 2005, memorandum from the Property and Finance Supervisor of the Housing and Community Development to the BHD Director. The memorandum discussed properties that had mortgages guaranteed under the Challenge Fund Guarantee program that became delinquent. The City of Tampa requested Tampa United Methodist Centers, Inc. (TUMC) to repurchase the mortgages and then foreclose on the properties. TUMC repurchased the mortgages using either federal or state funds provided by the City or their lines of credit at various financial institutions. After repurchasing, the mortgages were assigned to TUMC. Subsequently, the City paid off TUMC's lines of credit with federal or state funds.

This review consisted principally of inquiries of City and TUMC personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The scope of the review was to corroborate the dollar amounts given in the aforementioned memorandum. The source documents used to develop the dollar amounts were as follows:

- An email, dated August 20, 2004, from the Housing and Community Development (HCD) Property and Finance Supervisor to the HCD Manager, Financial Monitoring and Program Quality Supervisor and Chief Underwriter regarding TUMC properties.
- The Foreclosure Accounting Listings, dated July 8, 2005 and December 15, 2005 prepared by TUMC.

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For each property listed in the above documents, the City's mortgage file was obtained and reviewed for the Challenge Fund loan repurchase amount, repurchase date, source of funds used to repurchase (i.e., TUMC line of credit or federal/state funds), assignment of mortgage, line of credit payoff amount, line of credit payoff date, source of funds for the line of credit payoff and any other City funds expended on the properties (e.g., property taxes and/or attorney fees). For properties sold or refinanced, funds remitted by TUMC to the City were traced to postings in FAMIS.

We also reviewed the property files located at TUMC to verify the propriety of the mortgage payments received, loan payoff amounts and expenses recorded by TUMC on the December 15, 2005 Foreclosure Accounting Listing.

Our review disclosed that the total outstanding was approximately \$762,157 detailed as follows:

- Eleven mortgages were paid off due to the sale of the property or refinancing. The payoff and mortgage payments totaling \$643,720 received by TUMC were not remitted to the City.
- Mortgage payments received by TUMC totaling \$98,939 as of the December 15, 2005 Foreclosure Accounting Listing and payments received subsequently (undetermined) have not been remitted to the City.
- Property taxes and/or attorney fees totaling \$8,771 on four properties were paid by the City with state and federal funds. These amounts should be reimbursed to the City upon the sale or mortgage refinancing of the properties.
- TUMC borrowed \$10,727 in SHIP funds to acquire a piece of property. A deferred payment loan of \$10,000 was issued but was not recorded in the Public Records of Hillsborough County. The amount should be reimbursed to the City upon the sale or mortgage refinancing of the property.

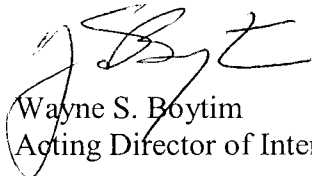
In addition, we noted that the City repurchased a defaulted mortgage under the Challenge Fund Guarantee Program for \$45,576 with federal funds. TUMC received certificate of title to the property during the foreclosure process. TUMC should deed the property back to the City or pay the City \$45,576. The house on the property burned down and the homeowner did not have insurance.

TUMC represented at the January 6, 2006 meeting that they agree with the above dollar amount with the exception of \$27,521 applicable to 2010 N. Florence Street and the \$8,771 for the payment of property taxes and/or attorney fees.

Federal and state funds invested in property are reclaimed upon resale of the property or mortgage refinancing. During the period of December 31, 2002 to June 17, 2005, TUMC remitted reclaimed federal funds totaling \$686,922 to the City.

No response is required to this memo. We thank the personnel in the Housing and Community Development Division, the Revenue and Finance Department's Accounts Payable Section and the Tampa United Methodist Centers, Inc. for their assistance in conducting this review. We will consider this report to be final unless requested to continue our review.

Sincerely,



Wayne S. Boytim
Acting Director of Internal Audit

Cc: David Smith, City Attorney
Darrell Smith, Chief of Staff
Cynthia Miller, Business and Housing Development Director
Sharon West, Housing and Community Development Manager
Steve Langford, Executive Director, Tampa United Methodist Centers, Inc.