

February 6, 2025

Kristen Dreyer, President of City Council
City of Ocala
110 S.E. Watula Avenue
Ocala, Florida 34471

Re: Compliance Monitoring Review: City of Ocala
Funding Sources/Fiscal Years Monitored:

| | |
|------------------------------|------------------|
| Funding Source(s): | SHIP |
| State Fiscal Year(s): | 2022-2023 |

Dear Council President Dreyer,

We acknowledge receipt of the City of Ocala’s response to the SHIP compliance monitoring report received on February 5, 2026, following our recent review. After evaluating the City’s response, we now consider this review closed.

I would like to extend my thanks to staff in the City’s Community Development Services Community Programs Office for their assistance and patience during this review. Please know that we appreciate the work performed in administering FHFC programs in your community.

Respectfully,



Felisa Barnes
Quality Assurance Coordinator

cc: James Haynes, City of Ocala

Ron DeSantis, Governor

Board of Directors: Sandra Veszi Einhorn, Chair • Ryan Benson, Vice Chair
Larry Cretul • Justin Domer • Mario Facella • Reynolds Henderson • Olivia Hoblit • Jody Hudgins • Ron Lieberman • Daniel Martell • Dev Motwani

City of Ocala Response to Material Observations of 2022-2023 SHIP Compliance
Monitoring

The following are the responses found in the City of Ocala's 202-2023 SHIP Compliance Monitoring:

A SELECT ADMINISTRATIVE ACTIVITIES

Observation: There were no material observations revealed.

Recommendation: N/A

City Response: N/A

B MONITORING OF CLIENT FLIES

Observation:

1. The SHIP Resident Income Certification form (RIC) was used to qualify the client's income. The LG incorrectly listed three separate cash values and interest incomes for the Florida Credit Union checking account on the income certification. The two additional cash values were noted as "deposits" and "payroll extra income." As a result, the total cash value was overstated; however, this did not affect income eligibility.

2. The LG used the incorrect ending balance from one of the six checking account statements to calculate the cash value which resulted in an overstatement of the cash value in the account. Additionally, the LG averaged the ending balances from the six statements to calculate the cash value for the savings account instead of using the ending balance from the most recent statement as required which resulted in an understatement of the cash value in the account. The net effect of the errors was an overstatement of the total cash value; however, the income eligibility was not impacted.

3. The HUD income certification form was used for Tibor K., Erin R., and Tandra S. While it is not mandatory that the LG use the RIC; however, it was observed that the following information included on the RIC does not appear on the HUD income certification form: Effective Date, Subsidy Use, Cash Values, Imputed Income, and Household Data. However, each client file contained an income calculation sheet that provided client asset cash value calculations as follows:

- a. The LG incorrectly calculated the checking account cash value for Tibor K. In addition, the cash values for both household savings accounts were calculated using the average six months-ending balances instead of the most recent account balance as required. The net effect of the errors was an understatement of the total cash value; however, the income eligibility was not impacted.
- b. The LG calculated the checking account cash value using the seven months of bank statements whereas six statements were used for all other checking account information reviewed. The income eligibility was unaffected.
- c. The LG incorrectly described the Direct Express Card account as “cash.” In fact, Direct Express is a prepaid debit card account used to receive federal benefits such as SSI, in this case. Per HUD policy, Direct Express card accounts must be treated as savings accounts for asset verification purposes. The balance on the card represents the cash value of the asset, with no interest income to impute. The error did not affect income eligibility.

While none of the observations noted had an adverse impact on the households, the frequency of errors in the determination of asset cash values suggests that additional training related to income eligibility would be beneficial.

Recommendation: The LG should ensure that SHIP program staff participate in regular income certification training.

City Response: While none of the Intake Specialist that constructed the monitored files are still on staff, Community Program Intake Specialist will participate in regular income certification training and the Grants Coordinator will attend at least one such training annually.

Observation: The LG exceeded the \$125,000 maximum rehabilitation expenditure award by \$8,276.68. According to LG staff, the City Manager approved the additional assistance. However, the file did not contain the City Council’s required written authorization permitting the City Manager to exceed the LHAP expenditure limit for the Owner-Occupied Rehabilitation Strategy.

Recommendation: The excess award amount may need to be recaptured, or the LG may choose one of the following options:

1. Use SHIP administrative funding, if available; or
2. Submit a technical revision to the LHAP requesting FHFC authorize an increase to the maximum rehabilitation expenditure award amount; or

3. Submit a request to the City Council seeking retroactive approval for the amount by which the award was exceeded.

In addition, the LG could seek written authorization from the City Council delegating to the City Manager the authority to exceed the LHAP expenditure limitation established under the Owner-Occupied Rehabilitation Strategy.

City Response: City's Director of Community Development Services will submit a technical revision to the LHAP that covered the monitoring, from FHFC.

A Compliance Monitoring Report of
Housing Program Activities

CITY OF OCALA

Program Monitored:

State Housing Initiatives Partnership (SHIP) Program

| | |
|------------------------|--------------|
| Fiscal Year Monitored: | 2022-2023 |
| Allocation Amount: | \$616,629.00 |

Administered by:

**Community Development Services,
Community Programs**

Report No. SCM 2025-28
Report Issued: December 19, 2025
Prepared by: F. Barnes

Section I. Authority and Purpose of Compliance Monitoring

Authority

Chapter 420, 420.9075(9), F. S., as stated below, gives Florida Housing the authority to monitor a local government's (LG) use of SHIP funds:

Per F.S. 420.9075(9), *"The corporation shall monitor the activities of local governments to determine compliance with program requirements and shall collect data on the operation and achievements of housing partnerships."*

Purpose of Compliance Monitoring

The purpose of the SHIP Compliance Monitoring Program (the Monitoring Program) is to evaluate whether participating LGs perform complete, accurate, and timely work consistent with the following main regulatory source(s)¹:

- s. 420.907-9079, F.S. (2024)
- Rule Chapter 67-37, F.A.C. (2017)
- Local Housing Assistance Plans (LHAP)

Objective of This Monitoring

The objective for this monitoring was to examine the activities that were being tracked by the LG at the time the LG was notified of the upcoming monitoring and the request for information was made. Essential resources examined included:

- A sampling of files for assisted households included on its internal tracking.
- The LGs internal tracking of program encumbrances/expenditures.
- Executed LG agreements with Sub Recipients, Sponsors, and Housing Education providers.
- LG general ledger information
- Support for administrative costs.
- Income and Rent Limit Charts
- Rental monitoring reports

Additional resources are examined as determined by the monitoring scope.²

¹ As applicable, compliance is also evaluated using other federal, state, and local laws, statutes, rules, or ordinances.

² Not all resources requested from an LG are applicable to every LG. For example, rental monitoring reports would not be applicable to an LG that has never provided rental assistance to a sponsor/developer of multifamily rental housing.

Section II. Partnerships and Sample Selection

A sampling of these activities will be examined as part of this review.

Sample Selection (Household Files)

The following household files comprised the sample size used in this monitoring:

| | FY³ | Program⁴ | Strategy | Client Name | Amount⁵ | Subrecipient / Sponsor Name |
|----|-----------------------|----------------------------|-------------------------------|--------------------|---------------------------|------------------------------------|
| 1. | 2022-2023 | SHIP | Owner Occupied Rehabilitation | Tundra S. | \$132,726.68 | NA |
| 2. | 2022-2023 | SHIP | Owner Occupied Rehabilitation | Kay G. | \$99,475.00 | NA |
| 3. | 2022-2023 | SHIP | Owner Occupied Rehabilitation | Tibor K. | \$40,831.00 | NA |
| 4. | 2022-2023 | SHIP | Owner Occupied Rehabilitation | James R. | \$94,340.00 | NA |
| 5. | 2022-2023 | SHIP | Rental Assistance | Erin R. | \$18,263.00 | NA |

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³ Fiscal Year in which project was funded.

⁴ Funding Source/Program

⁵ Fund Amount Encumbered or Expended

Section III. Prior Monitoring – (Review and Additional Work)

A compliance monitoring report was last issued for this LG in December 2022. There were no outstanding issues from the prior monitoring that required additional examination as part of this monitoring.

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Section IV. Material Observations (Responses Required)

A. SELECT ADMINISTRATIVE ACTIVITIES⁶

Select administrative activities were evaluated and included an examination of the essential documents previously described, for the funding programs and fiscal years monitored.⁷

For monitoring of select administrative activities, a “**material observation**” refers to an error, omission, or violation of an administrative activity that is required under applicable statutes, administrative codes, laws, regulations, or agreements, including the LHAP, and for which one or more of the following apply:

1. No documentation was found that confirmed the activity had been performed.
2. Documentation examined revealed the activity was performed in a manner inconsistent with the regulatory resources listed above.
3. The error, omission, or violation may result in an adverse financial impact.
4. The error, omission, or violation was noted to have occurred frequently throughout the examination of household files.

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⁶ Some of the selected administrative activities listed above may not have applied to this LG. For example, if the LG has never aided sponsors/developers of rental housing, monitoring of rental properties would not apply.

⁷ The activities listed here are not intended to represent a complete description of all administrative activities that may be evaluated as part of monitoring.

Activities and Observations

If applicable to the funding program, compliance with the following select administrative requirements was evaluated:⁸

1. A financial tracking system is maintained by the LG's housing office.
2. Monitoring of rental properties (including small rental properties such as group homes or single-family units) is being performed.
3. Housing office funding program expenditures are reconciled to the LG's general ledger prior to the submission of required Annual Reports.
4. All funds expended for administrative costs are allowable.
5. An executed contractual document exists between the LG and any Sub Recipient(s), or Eligible Sponsor(s) and includes standard audit language required under the Florida Single Audit Act.
6. The LG is monitoring the activities performed on its behalf by a Sub Recipient or Eligible Sponsor.
7. A Notice of Funding Availability is published in accordance with rule requirements.

Evaluations of select administrative activities revealed no material observations.

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⁸ While these administrative tasks are considered crucial to the administration of the funding program, this list is not intended to serve as a comprehensive list of administrative requirements. Additional requirements may be evaluated based on the scope of the monitoring.

B. MONITORING OF CLIENT FILES

a. LG INCOME ELIGIBILITY DETERMINATIONS

Select activities involved in income-qualifying a household were evaluated for those households included in the household sampling, for the funding programs and fiscal years monitored.

For monitoring of income eligibility determinations, a “**material observation**” refers to an error, omission, or violation of an activity that is required under either applicable statutes, administrative codes, laws, regulations, or agreements, including the LHAP, and for which one or more of the following apply:

1. No documentation was found that confirmed that the activity had been performed.
2. An examination of documents results in an adverse impact on household eligibility, such as a decrease in the maximum assistance amount available to the household to an amount below the actual assistance amount provided; or which results in the household being ineligible for assistance in any amount.
3. The error, omission, or violation may result in an adverse financial impact.
4. The error, omission, or violation was noted to have occurred frequently throughout the examination of household files.

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Income Eligibility Activities and Observations

Compliance with the following select Income Eligibility activities was evaluated for each household included in the household sampling:⁹

1. The household was income qualified.
2. All reported assets were calculated correctly and verified using acceptable documentation that included complete, current information necessary to annualize asset income.
3. All reported earned and unearned income sources were verified using acceptable documentation that provided complete, current information necessary to annualize income.
4. The appropriate yearly income limit chart was used to determine income eligibility.
5. The household was assigned to the appropriate income category.
6. Income Limits were not exceeded.

Evaluations of select Income Eligibility activities revealed the following material observation(s):

| | |
|--|---|
| Observation #: | 1 |
| Income Eligibility Activity: | Income Verifications No More than 120 Days Old |
| Client Name | Strategy |
| Tandra S. | Owner Occupied Rehabilitation |
| Kay G. | Owner Occupied Rehabilitation |
| Tibor K. | Owner Occupied Rehabilitation |
| Observation: | |
| It was observed that one or more of the clients' income verifications exceeded the 120-day time limit between receipt of the initial verification and completion of the income certification. The verifications were not date-stamped; therefore, the generated dates of the documents were used as the receipt date. In addition, the Tibor K. file contained a photocopy of the household's Social Security benefits letters in which the production date was not discernable. | |
| Recommendation: | |
| The LG's staff should ensure all incoming client documentation is consistently date-stamped immediately upon receipt and ensure no income verifications exceed the 120-day time limit. | |

| | |
|-------------------------------------|--|
| Observation #: | 2 |
| Income Eligibility Activity: | Asset Verifications No More than 120 Days Old |
| Client Name | Strategy |
| Kay G. | Owner Occupied Rehabilitation |
| Tibor K. | Owner Occupied Rehabilitation |

⁹ This list is not intended to serve as a comprehensive list of income-eligibility requirements. Additional requirements may be evaluated based on the scope of the monitoring.

| | |
|---|-------------------|
| Erin R. | Rental Assistance |
| Observation: | |
| The LG did not use the most recent bank statement for the income certification, and most of statements were not date-stamped. As a result, several asset verifications exceeded the required 120-day limit between the date the verifications were produced and the effective date of the income certification. | |
| Recommendation: | |
| The LG should use the most rent bank statements when certifying income and ensure no asset verifications exceed the 120-day time limit. | |

| | |
|-------------------------------------|--|
| Observation #: | 3 |
| Income Eligibility Activity: | Asset Cash Value Amounts are Calculated Correctly |
| Client Name | Strategy |
| 1. Kay G. | Owner Occupied Rehabilitation |
| 2. James R | Owner Occupied Rehabilitation |
| 3. Tibor K. | Owner Occupied Rehabilitation |
| 4. Erin R. | Rental Assistance |
| 5. Tandra S. | Owner Occupied Rehabilitation |

Observation:

1. The SHIP Resident Income Certification form (RIC) was used to qualify the client’s income. The LG incorrectly listed three separate cash values and interest incomes for the Florida Credit Union checking account on the income certification. The two additional cash values were noted as “deposits” and “payroll extra income.” As a result, the total cash value was overstated; however, this did not affect income eligibility.
2. The LG used the incorrect ending balance from one of the six checking account statements to calculate the cash value which resulted in an overstatement of the cash value in the account. Additionally, the LG averaged the ending balances from the six statements to calculate the cash value for the savings account instead of using the ending balance from the most recent statement as required which resulted in an understatement of the cash value in the account. The net effect of the errors was an overstatement of the total cash value; however, the income eligibility was not impacted.

The HUD income certification form was used for Tibor K., Erin R., and Tandra S. While it is not mandatory that the LG use the RIC; however, it was observed that the following information included on the RIC does not appear on the HUD income certification form: Effective Date, Subsidy Use, Cash Values, Imputed Income, and Household Data. However, each client file contained an income calculation sheet that provided client asset cash value calculations as follows:

3. The LG incorrectly calculated the checking account cash value for Tibor K. In addition, the cash values for both household savings accounts were calculated using the average six months-ending balances instead of the most recent account balance as required. The net

effect of the errors was an understatement of the total cash value; however, the income eligibility was not impacted.

4. The LG calculated the checking account cash value using the seven months of bank statements whereas six statements were used for all other checking account information reviewed. The income eligibility was unaffected.
5. The LG incorrectly described the Direct Express Card account as “cash.” In fact, Direct Express is a prepaid debit card account used to receive federal benefits such as SSI, in this case. Per HUD policy, Direct Express card accounts must be treated as savings accounts for asset verification purposes. The balance on the card represents the cash value of the asset, with no interest income to impute. The error did not affect income eligibility.

While none of the observations noted had an adverse impact on the households, the frequency of errors in the determination of asset cash values suggests that additional training related to income eligibility would be beneficial.

Recommendation:

The LG should ensure that SHIP program staff participate in regular income certification training.

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MONITORING OF CLIENT FILES

b. SELECT PROGRAM REQUIREMENTS¹⁰

Select program activities were evaluated for those households included in the household sampling, for the funding programs and fiscal years monitored.

For monitoring of select program activities, a “**material observation**” refers to an error, omission, or violation of an activity that is required under applicable statutes, administrative codes, laws, regulations, or agreements, including the LHAP, and for which one or more of the following apply:

1. No documentation was found that confirmed that the activity had been performed.
2. An examination of documents results in an adverse impact on household eligibility, such as a decrease in the maximum assistance amount available to the household to an amount below the actual assistance amount provided; or which results in the household being ineligible for assistance in any amount.
3. The error, omission, or violation may result in an adverse financial impact.
4. The error, omission, or violation was noted to have occurred frequently throughout the examination of client files.

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¹⁰ The City of Ocala Local Housing Assistance Plan for fiscal years 2022-2025 approved by the City Council on April 5, 2025, Resolution 2022-29.

Activities and Observations

For each household included in the household sampling, compliance with the following select program requirements, if applicable to the funding program, was evaluated:¹¹

1. The assistance amount provided does not exceed the established award maximum.
2. The household's income category is eligible for the type of assistance provided.
3. Local requirements, such as the completion of required education/counseling, are evaluated and documented.
4. Lien document loan terms are consistent with established program loan terms described in the LHAP.
5. A household member's eligible condition as a "Person with Special Needs" is properly documented.
6. The assisted unit is "Eligible Housing" as that term is defined by the assisting funding program.
7. The sales price or value of the assisted unit is within the established maximum purchase price.

Evaluations of select program requirements revealed the following material observation(s):

| | |
|---|--|
| Observation #: | 4 |
| Income Eligibility Activity: | Total Expenditure Compliant with LHAP Maximum Limit |
| Client Name | Strategy |
| Tandra S. | Owner Occupied Rehabilitation |
| Observation: | |
| The LG exceeded the \$125,000 maximum rehabilitation expenditure award by \$8,276.68. According to LG staff, the City Manager approved the additional assistance. However, the file did not contain the City Council's required written authorization permitting the City Manager to exceed the LHAP expenditure limit for the Owner-Occupied Rehabilitation Strategy. | |
| Recommendation: | |
| The excess award amount may need to be recaptured, or the LG may choose one of the following options: | |
| <ol style="list-style-type: none"> 1. Use SHIP administrative funding, if available; or 2. Submit a technical revision to the LHAP requesting FHFC authorize an increase to the maximum rehabilitation expenditure award amount; or 3. Submit a request to the City Council seeking retroactive approval for the amount by which the award was exceeded. | |
| In addition, the LG could seek written authorization from the City Council delegating to the City Manager the authority to exceed the LHAP expenditure limitation established under the Owner-Occupied Rehabilitation Strategy. | |

¹¹ This list is not intended to serve as a comprehensive list of programmatic requirements. Additional requirements may be evaluated based on the scope of the monitoring.

Section VI. Nonmaterial Observations (Responses Not Required)

For monitoring of select administrative, income eligibility, and program activities, a “**nonmaterial observation**” refers to an error or omission or violation which conflicts with applicable statutes, administrative codes, laws, regulations, or agreements, including the LHAP, and for which one or more of the following apply:

1. The error, omission, or violation does not result in an adverse impact on the eligibility of the household or the housing unit to receive assistance.
2. The error, omission, or violation does not result in an adverse financial impact.
3. Instances of an error, omission, or violation are infrequent or are isolated.

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Activities and Observations

Evaluations of select administration, income eligibility, and programmatic requirements revealed the following nonmaterial observations

| | |
|--|---|
| Observation #: | 5 |
| Monitoring Activity: | Asset Verifications are Acceptable |
| Client Name | Strategy |
| Tandra S. | Owner Occupied Rehabilitation |
| Observation: | |
| A Monthly Transaction Summaries was used in place of the bank statement. The Summaries did not have a beginning or ending balance. | |

| | |
|--|--|
| Observation #: | 6 |
| Monitoring Activity: | Asset Income Amounts are Calculated Correctly |
| Client Name | Strategy |
| Kay G. | Owner Occupied Rehabilitation |
| Observation: | |
| The LG did not calculate the asset income for the Ocala Community Credit Union savings account. The error did not affect income eligibility. | |

| | |
|---|-----------------------------------|
| Observation #: | 7 |
| Monitoring Activity: | Income Category is Correct |
| Client Name | Strategy |
| Erin R. | Rental Assistance |
| Tandra S. | Owner Occupied Rehabilitation |
| Observation: | |
| The low-income category was incorrectly applied to the households rather than the very low-income category. | |

| | |
|--|---|
| Observation #: | 8 |
| Monitoring Activity: | Unearned Income Amounts are Calculated Correctly |
| Client Name | Strategy |
| James R. | Owner Occupied Rehabilitation |
| Observation: | |
| The LG used the net monthly Social Security benefit amount to calculate the annual income instead of the gross amount. | |

Section VII. Conclusion

For those administrative, eligible household, and eligible housing unit requirements evaluated during this monitoring, the focus was on identifying instances of both material and nonmaterial noncompliance so that such instances may be corrected, and appropriate actions taken, that would preclude a future recurrence.

This monitoring and the resulting observations were based on a sampling of program activities and does not relieve the LG of its responsibility to assure compliance in all areas of its program activities.

Recapture

A recapture of SHIP funds may be required based upon the corrective action taken to address the following:

| Observation # | Activity |
|---------------|---|
| 4 | Total Expenditure Compliant with LHAP Maximum Limit |

LG Response

This report includes material observations to which a written response is required. FHFC looks forward to receiving the LG's response, which should incorporate the items below, within 30-calendar days from the LG's receipt of this report.

The LG will submit to FHFC a written response to each separate material observation documented in the report. Each response should take one of two forms:

1. A **concurrence** with the observation that includes the following:
 - (a) A description of the plan for correcting the issue including changes in policies, procedures, staff responsibilities, technical assistance and training, etc., that will preclude a future recurrence.
 - (b) A timeline for correcting any observed deficiencies; and
 - (c) A plan for repayment of ineligible expenses, if any is required.
2. A **nonconcurrence** with the observation that provides a description of the facts and reasoning that form the basis for the LG's position.

The response should be addressed and emailed to:

Felisa Barnes

Florida Housing Finance Corporation
221 N. Bronough St., Suite 5000
Tallahassee, FL 32301

Felisa.Barnes@floridahousing.org