

AUDIT REPORT
AND
SUPPLEMENTAL DATA FOR

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA

JUNE 30, 2012

KERSHAW CPA & ASSOCIATES, PC

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HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
 BROKEN BOW, OKLAHOMA
 JUNE 30, 2012

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HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
JUNE 30, 2012

BOARD OF DIRECTORS

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Howard Minor	Chairman	7-5-2014
Midge Moore	Commissioner	7-5-2013
Scott Brumley	Commissioner	7-5-2015
Keith Sanders	Commissioner	7-5-2015
Clarisse Johnson	Commissioner	7-5-2013

Unaudited

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Housing Authority of the City of Broken Bow
Broken Bow, Oklahoma

We have audited the accompanying financial statements of the Housing Authority of the City of Broken Bow, as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of Broken Bow's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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, and in accordance with Oklahoma Statutes. 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 audit provides 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 Housing Authority of the City of Broken Bow, Broken Bow, Oklahoma, as of June 30, 2012, and the changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2013, on our consideration of the Housing Authority of the City of Broken Bow's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements 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 compliance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented

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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 financial statements of the Housing Authority of the City of Broken Bow. The accompanying financial information listed as supplemental data in the table of contents, including the Financial Data Schedule, is presented for purposes of additional analysis and is not a required part of the financial statements of Housing Authority of the City of Broken Bow. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Kershaw CPA & Associates, P.C.
Kershaw, CPA & Associates, PC

January 22, 2013

Housing Authority of the City of Broken Bow
Management's Discussion and Analysis (MD&A)
June 30, 2012

Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

Our discussion and analysis of the financial performance for the Broken Bow Housing Authority provides an overview of the financial activities for the fiscal year ended June 30, 2012. Please read the MD&A in conjunction with the Housing Authority's financial statements.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities, associated with the operation of these funds, are included on the balance sheet. The focus of enterprise funds is on income measurement which, together with the maintenance of equity, is an important financial indicator.

In 2012, the Authority' assets and liabilities were impacted due to the completion of rehabilitation projects involving 24 existing duplex units and several new construction duplexes related to the state/local tax credit program.

FINANCIAL HIGHLIGHTS

Assets:

As of June 30, 2012, total assets were \$7,655,574 as compared to \$9,270,112, as of June 30, 2011, a decrease of \$1,614,538. Current assets decreased \$1,827,195 while capital assets increased \$212,657.

Liabilities:

Total liabilities decreased \$1,449,806 due to decreases in non-current liabilities of \$1,189,311 and current liabilities of \$260,495.

Revenues:

In 2012, total revenue decreased \$377,363, as compared to 2011, due mainly to gains reported in 2011 and decreases in Federal Grants & Subsidy revenue.

Expenses:

Total expenses increased \$103,407 due mainly to increases in Housing Assistance Payments (HAP), routine maintenance, depreciation, and non-routine expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. It also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

The financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Housing Authority's activities. The Statement of Net Assets includes assets, liabilities, and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Housing Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Changes in Net Assets. This statement measures the success of operations over the past year and can be used to determine whether the Housing Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The section Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format.

FINANCIAL ANALYSIS

One of the most important questions asked about the Authority's finances; "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of the reported fiscal year?" The information presented in this Management's Discussion and Analysis is to assist the reader in answering this question.

The Housing Authority's basic financial statements are the Statement of Net Assets and the Statement of Changes in Net Assets. The Statement of Net Assets provides a summary of assets and liabilities as of the close of business on June 30, 2012. The Statement of Changes in Net Assets summarizes the revenues and sources of those revenues generated and the expenses incurred in operating the Housing Authority for the year ended June 30, 2012.

The Broken Bow Housing Authority has a low rent program that provides housing for qualified tenants, capital fund programs that the Housing Authority uses for improvements to its low rent property, a Section 8 Housing Choice Voucher program that provides rental assistance to qualified individuals living in private housing, and a state/local (affordable housing) program.

Housing Authority of the City of Broken Bow, Oklahoma
Management's Discussion and Analysis (MD & A)
June 30, 2012

The following analysis focuses on the net assets and the change in net assets of the Housing Authority as a whole and not the individual programs.

Net Assets				
June 30,				
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$2,218,245	\$4,045,440	(\$1,827,195)	-45.17%
Capital Assets, Net	\$4,199,829	\$3,987,172	\$212,657	5.33%
Non-Current Assets	\$1,237,500	\$1,237,500	\$0	0.00%
Total Assets	<u>\$7,655,574</u>	<u>\$9,270,112</u>	<u>(\$1,614,538)</u>	<u>-17.42%</u>
Current Liabilities	\$219,832	\$480,327	(\$260,495)	-54.23%
Non-Current Liabilities	\$1,495,496	\$2,684,807	(\$1,189,311)	-44.30%
Total Liabilities	<u>\$1,715,328</u>	<u>\$3,165,134</u>	<u>(\$1,449,806)</u>	<u>-45.81%</u>
Net Assets:				
Invested in Capital Assets	\$4,199,829	\$3,987,172	\$212,657	5.33%
Restricted Assets	\$51,804	\$237,104	(\$185,300)	-78.15%
Unrestricted Assets	\$1,688,613	\$1,880,702	(\$192,089)	-10.21%
Total Net Assets	<u>\$5,940,246</u>	<u>\$6,104,978</u>	<u>(\$164,732)</u>	<u>-2.70%</u>

Capital Assets at Year-End
(Net of Accumulated Depreciation)
June 30,

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>% of Change</u>
Land	\$225,269	\$225,269	\$0	0.00%
Infrastructure	\$13,329	\$13,329	\$0	0.00%
Buildings	\$8,060,500	\$7,562,602	\$497,898	6.58%
Furniture & Equipment - Dwell	\$115,028	\$177,758	(\$62,730)	-35.29%
Furniture & Equipment - Admin	\$384,128	\$316,651	\$67,477	21.31%
Leasehold Improvements	\$1,383,586	\$1,293,927	\$89,659	6.93%
Construction in Progress	\$230,897	\$373,013	(\$142,116)	-38.10%
Subtotal	\$10,412,737	\$9,962,549	\$450,188	4.52%
Accumulated Depreciation	(\$6,212,908)	(\$5,975,377)	(\$237,531)	3.98%
Net Capital Assets	<u>\$4,199,829</u>	<u>\$3,987,172</u>	<u>\$212,657</u>	<u>5.33%</u>

Housing Authority of the City of Broken Bow, Oklahoma

Management's Discussion and Analysis (MD & A)

June 30, 2012

Assets:

Current assets are resources that are reasonably expected, based on the plans and intentions of the Authority, to be converted into cash or its equivalent during the current operating cycle.

As of June 30, 2012, current assets were \$2,218,245 as compared to \$4,045,440, as of June 30, 2011, a decrease of \$1,827,195. Current assets decreased primarily because available assets were used to cover part of operating expenses and to reduce liabilities. The change consisted of decreases in accounts receivables of \$1,324,513, cash/cash equivalents of \$638,957, assets held for sale of \$173,251, and prepaid expenses (mainly lines of credit related to the affordable housing program) of \$23,540 with increases in investments of \$331,453 and inventories of \$1,613. Accounts receivables' decrease was due primarily to work-in-progress receivables which were related to the tax credit program from 2011.

Capital assets are long-term tangible assets obtained as a result of past transactions, events, or circumstances and include buildings, equipment, and improvements to buildings and land.

Capital purchases increased \$212,657 due to capital purchases exceeding annual depreciation and disposals.

During the year, the Authority capitalized \$497,898 in building improvements and \$89,659 in leasehold improvements. Dwelling equipment decreased \$62,730 due to reclassifications to administrative equipment. Administrative equipment increased \$67,477 due to reclassifications from dwelling equipment. Construction in progress decreased \$142,116 due to the completion and capitalization of Capital Grant projects.

The Housing Authority had \$159,015 from their 2011 and 2012 Capital Grant revenues to draw down and spend in the future.

Liabilities:

Current liabilities are current debts that are owed by the Authority and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt.

As of June 30, 2012, current liabilities were \$219,832 as compared to \$480,327, as of June 30, 2011, a decrease of \$260,495. The change consisted of decreases in other current liabilities (mainly payables related to the affordable housing program) of \$203,813, deferred revenues (Capital Grant revenues) of \$46,902, vendor payables (operating and accrued utility payables) of \$25,787, payroll taxes payables of \$3,680, accrued interest payables of \$2,909, and accrued compensated absences of \$524 with increases in payment in lieu of taxes (PILOT) of \$22,809 and tenant security deposits of \$311. Other current liabilities' decrease was due to reclassifications of loan liabilities associated with the affordable housing program to non-current long-term debt in 2012.

Non-current liabilities are debts that are owed but not due within 12 months. It is not expected that these liabilities will consume the Authority's current financial resources to satisfy the debt.

Non-current liabilities consisted of \$1,237,500 in long-term debt, \$223,572 in non-current liabilities, and \$34,424 in non-current accrued compensated absences. Non-current accrued compensated absences are liabilities for wages such as vacation and sick wages earned but not

Housing Authority of the City of Broken Bow, Oklahoma

Management's Discussion and Analysis (MD & A)

June 30, 2012

yet taken. Non-current liabilities consisted of loan liabilities related to the affordable housing program and Section 8 FSS escrow accounts.

Net Assets:

As of June 30, 2012, the Housing Authority had \$5,940,246 invested in total net assets. Of this amount, \$1,688,613 of unrestricted assets may be used to meet the Authority's future ongoing expenses and obligations. Restricted assets of \$51,804 were available for Section 8 Housing Assistance Payments (HAP). The remainder of \$4,199,829 represents the net capital assets of land, buildings, furnishings, leasehold improvements, equipment, and construction in progress.

Debt:

Broken Bow Housing Authority's long-term debt consisted of \$1,273,500 in operating borrowings (loans and notes) related to the affordable housing program.

	Expendable Fund Balance			% of
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>Change</u>
Expendable Fund Balance	<u>\$945,698</u>	<u>\$2,216,603</u>	<u>(\$1,270,905)</u>	<u>-57.34%</u>
Number of Months Expendable Fund	<u>10.46</u>	<u>24.82</u>	<u>(14.36)</u>	<u>-57.87%</u>

Expendable Fund Balance:

The expendable fund balance is a measure of the Authority's liquidity. If all current assets, less materials inventory and restricted assets, are converted to cash and the Authority pays all current liabilities, the amount of cash remaining is the expendable fund balance. Broken Bow Housing Authority's expendable fund balance decreased \$1,270,905 due mainly to decreases in current assets (figures based on 2012 and 2011 FDS information).

Number of Months Expendable Fund Balance:

The number of months in expendable funds is a measure of how many months the Authority could operate under current conditions without any additional income. The number of months in expendable funds is calculated by dividing the total expenses for the year, less depreciation, by twelve (12) to arrive at the average monthly expenses. The expendable fund balance is divided by the average monthly expense to arrive at the number of months expendable fund balance. The Authority's number of months expendable fund balance decreased 14.36 months due to decreases in the expendable fund balance (figures based on 2012 and 2011 FDS information).

Changes in Net Assets
For the Year Ended June 30

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Tenant Revenue	\$407,331	\$413,849	(\$6,518)	-1.57%
Federal Grants & Subsidy	\$1,178,095	\$1,416,004	(\$237,909)	-16.80%
Investment Income	\$6,538	\$6,982	(\$444)	-6.36%
Other Income	\$288,463	\$184,965	\$103,498	55.96%
Gain/Loss on Sale of Capital Assets	\$840	\$236,830	(\$235,990)	-99.65%
Total Revenue	<u>\$1,881,267</u>	<u>\$2,258,630</u>	<u>(\$377,363)</u>	<u>-16.71%</u>
Expenses:				
Administrative	\$405,493	\$465,960	(\$60,467)	-12.98%
Tenant Services	\$15,247	\$5,899	\$9,348	158.47%
Utilities	\$81,633	\$69,024	\$12,609	18.27%
Routine Maintenance	\$433,523	\$407,539	\$25,984	6.38%
General Expenses	\$126,861	\$119,039	\$7,822	6.57%
Interest Expenses	\$0	\$4,112	(\$4,112)	-100.00%
Non-Routine Expenses	\$15,967	\$0	\$15,967	100.00%
Housing Assistance Payments	\$712,343	\$640,019	\$72,324	11.30%
Casualty Losses	\$6,377	\$0	\$6,377	100.00%
Depreciation	\$248,555	\$231,000	\$17,555	7.60%
Total Operating Expenses	<u>\$2,045,999</u>	<u>\$1,942,592</u>	<u>\$103,407</u>	<u>5.32%</u>
Increase (Decrease) in Net Assets	<u>(\$164,732)</u>	<u>\$316,038</u>	<u>(\$480,770)</u>	<u>-152.12%</u>

Revenues:

The Authority has two basic sources of revenues, rents and other tenant charges plus funds received from the Department of Housing and Urban Development (HUD) in the form of operating subsidies and capital improvement grants.

Tenant revenue decreased \$6,518 due to decreases in tenant rent revenue of \$5,820 and other tenant revenue of \$698.

HUD revenue will often vary from year to year since it is dependent on the federal budget (operating subsidy) and availability and/or use of grant revenues. In 2012, Broken Bow Housing Authority's operating subsidy, Housing Assistance Payments, and Administrative Fees decreased \$304,193 while Capital Grant revenue increased \$66,284 that resulted in a net decrease of \$237,909.

Investment income decreased \$444 while other income increased \$103,498 (due mainly to increases in developer's fees and services related to the affordable housing program).

In 2012, the Authority reported \$840 in gains on the sale of capital assets as compared to \$236,830 in gains, in 2011.

Housing Authority of the City of Broken Bow, Oklahoma

Management's Discussion and Analysis (MD & A)

June 30, 2012

Expenses:

Administrative expenses decreased \$60,467 from \$465,960 in 2011 to \$405,493 in 2012. Administrative operating expenses decreased \$57,142 due to decreases in administrative contract costs. Employee benefits decreased \$8,899 and audit fees decreased \$644 while administrative salaries increased \$6,218.

Tenant services expenses increased \$9,348, from \$5,899 in 2011 to \$15,247 in 2012, because more services were provided for residents during the year.

Utilities increased \$12,609 from \$69,024 in 2011 to \$81,633 in 2012. Increases occurred in electricity of \$4,284, sewer of \$3,878, water of \$3,665, and natural gas of \$782; all due to changes in consumption.

Routine maintenance expenses increased \$25,984 due to increases in maintenance contract costs of \$42,203 and material expenses of \$3,975 with decreases in labor of \$15,383 and employee benefits of \$4,811.

General expenses increased \$7,822 due to increases in insurance expenses of \$32,615 and other general expenses of \$219 which were minimized by decreases in tenant bad-debt expense of \$19,149 and payment in lieu of taxes of \$5,863.

Interest expenses decreased \$4,112 from 2011 to 2012. The Authority reported non-capitalized interest during construction associated with the affordable housing program. The construction project spanned from 2009 to 2011.

Non-routine expenses increased \$15,967 due to roofing expenses and non-depreciable contract costs.

Housing Assistance Payments (HAP) expenses increased \$72,234, from \$640,019 in 2011 to \$712,343 in 2012, due to increases in costs per unit leased.

In 2012, the Authority reported \$6,377 in casualty losses related mainly to fence damages.

Depreciation expense increased \$17,555 from \$231,000 in 2011 to \$248,555 in 2012.

ECONOMIC FACTORS

The Housing Authority is primarily dependent upon HUD for the funding of operations therefore the federal budget has a greater impact than local economic conditions. The funding of programs could be significantly affected by both the 2011 and 2012 federal budget.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Housing Authority's finances and to show accountability for the money it

Housing Authority of the City of Broken Bow, Oklahoma

Management's Discussion and Analysis (MD & A)

June 30, 2012

receives. If you have questions about this report, or wish to request additional financial information contact Frank Meddock, Executive Director, Housing Authority of the City of Broken Bow, 710 East Third, Broken Bow, OK, 74728, telephone number 580-584-6939.

**HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	2012	Memo Only 2011
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash	\$ 296,934	\$ 806,617
Cash - Tenant Security Deposits	20,449	20,138
Cash - Other Restricted	51,804	181,389
Accounts Receivable, Net	272,820	1,597,333
Investments, Unrestricted	553,567	227,542
Investments, Restricted	23,554	18,126
Inventory, Net	9,318	7,705
Prepaid Expenses	21,760	45,300
Property Held for Resale	968,039	1,141,290
Total Current Assets	2,218,245	4,045,440
<u>Noncurrent Assets:</u>		
Accounts Receivable - Long Term	1,237,500	1,237,500
Net Capital Assets	4,199,829	3,987,172
Total Noncurrent Assets	5,437,329	5,224,672
TOTAL ASSETS	\$ 7,655,574	\$ 9,270,112
<u>LIABILITIES & NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 2,815	\$ 28,602
Accrued Expenses	174,189	362,306
Tenant Security Deposits	20,449	20,138
Prepaid Tenant Rents	22,379	69,281
Current Portion of Long Term Debt	-	-
Total Current Liabilities	219,832	480,327
<u>Noncurrent Liabilities:</u>		
Mortgages and Notes Payable	1,495,496	2,684,807
Total Liabilities	1,715,328	3,165,134
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	4,199,829	3,987,172
Restricted for debt service	51,804	237,104
Unrestricted	1,688,613	1,880,702
TOTAL NET ASSETS	5,940,246	6,104,978
TOTAL LIABILITIES AND NET ASSETS	\$ 7,655,574	\$ 9,270,112

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

EXHIBIT B

**HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN TOTAL NET ASSETS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012**

	<u>2012</u>	<u>Memo Only 2011</u>
<u>OPERATING REVENUE:</u>		
Dwelling Rental	\$ 407,331	\$ 413,849
HUD Operating Subsidies and Vouchers	946,756	1,250,949
Capital Grants	231,339	165,055
Other Income	289,303	421,795
Total Operating Revenue	<u>1,874,729</u>	<u>2,251,648</u>
<u>OPERATING EXPENSES:</u>		
Tenant Assistance Payments	712,343	640,019
Tenant Services	15,247	5,899
Administration	405,493	465,960
Utilities	81,633	69,024
Maintenance	433,523	407,539
Protective Services	-	-
Insurance Premiums	88,223	55,608
Other General Expenses	60,982	63,431
Depreciation	248,555	231,000
Total Operating Expenses	<u>2,045,999</u>	<u>1,938,480</u>
NET OPERATING INCOME (LOSS)	(171,270)	313,168
<u>NON-OPERATING REVENUES (EXPENSES):</u>		
Interest Income	6,538	6,982
Interest Expense	-	(4,112)
NET NON-OPERATING REVENUES (EXPENSES)	<u>6,538</u>	<u>2,870</u>
CHANGE IN NET ASSETS	(164,732)	316,038
TOTAL NET ASSETS, BEGINNING OF YEAR	6,104,978	6,081,742
PRIOR YEAR ADJUSTMENTS	-	(292,802)
TOTAL NET ASSETS, END OF YEAR	<u>\$ 5,940,246</u>	<u>\$ 6,104,978</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

EXHIBIT C

**HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED JUNE 30, 2012**

	<u>2012</u>	<u>Memo Only 2011</u>
<u>Net Cash Flows from Operating Activities:</u>		
Cash From Dwelling Rentals	\$ 407,331	\$ 413,849
Cash From HUD and Other Sources	2,745,320	535,485
Cash Payments to Employees	(320,988)	(320,988)
Cash Payments for Goods and Services	<u>(1,495,182)</u>	<u>(1,260,721)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,336,481</u>	<u>(632,375)</u>
<u>Net Cash Flows from Capital & Related Financing Activities:</u>		
Additions to Capital Assets	(461,213)	(165,055)
Proceeds from sale of Capital Assets	-	85,608
Changes in Long-Term Debt	(1,189,311)	1,314,335
Interest Paid On Long-Term Debt	<u>-</u>	<u>(4,112)</u>
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(1,650,524)</u>	<u>1,230,776</u>
<u>Net Cash Flows from Investing Activities:</u>		
Interest Income	<u>6,538</u>	<u>6,982</u>
Net Cash Provided (Used) by Investing Activities	<u>6,538</u>	<u>6,982</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(307,505)	605,383
Cash & Cash Equivalents, Beginning of Year	1,253,812	941,232
Cash & Cash Equivalents, Prior Year Adjustment	<u>-</u>	<u>(292,802)</u>
Cash & Cash Equivalents, End of Year	<u>\$ 946,308</u>	<u>\$ 1,253,812</u>
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>		
Net Operating Income (Loss)	\$ (171,270)	\$ 313,168
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	248,555	231,000
(Increase)Decrease in Short Term Accounts Receivable	1,324,513	(1,444,873)
(Increase)Decrease in Long Term Accounts Receivable	-	137,507
(Increase)Decrease in Prepaid Expenses	23,540	6,117
(Increase)Decrease in Inventory	(1,613)	6,324
(Increase)Decrease in Property Held for Sale	173,251	(175,882)
Increase(Decrease) in Accounts Payable	(25,787)	14,651
Increase(Decrease) in Accrued Expenses	(188,117)	274,561
Increase(Decrease) in Tenant Security Deposits	311	(3,185)
Increase(Decrease) in Prepaid Rents	<u>(46,902)</u>	<u>8,237</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,336,481</u>	<u>\$ (632,375)</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity - The Housing Authority of the City of Broken Bow, Oklahoma was organized for the primary purpose of providing low-income housing to the public.

The financial statements of the Housing Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Housing Authority's reporting entity applies to all relevant *Governmental Accounting Standards Board (GASB)* pronouncements. Proprietary funds and similar component units apply to *Financial Accounting Standards Board (FASB)* pronouncements and *Accounting Principles Board (APB)* opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict *GASB* pronouncements, in which case, *GASB* prevails.

Principles Used to Determine Scope of Entity:

The reporting entity of the Housing Authority includes the governing board and all related organizations for which the Housing Authority exercises oversight responsibility.

The criteria used to determine whether the Housing Authority exercises oversight responsibility includes: designation of management, selection of board of directors, financial interdependency, ability to influence financial matters, and scope of public service.

The Housing Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been listed as a component unit of the Housing Authority's financial statements.

Basis of Presentation - The financial statements of the Housing Authority have been prepared using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when the liability is incurred. The financial statements of this audit report were prepared using the following fund types:

Proprietary Fund Types:

Enterprise Funds - Enterprise funds are used to account for the acquisition, operation, and maintenance of the Housing Authority, which are financed primarily by tenant rents. The Housing Authority used an enterprise fund to account for all of its operations.

Property Held for Resale - Property held for resale is stated at cost.

Risk Management - Significant losses are covered by commercial insurance for all significant Authority operations.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 2 - CASH

The Housing Authority's cash balance and investments consist of demand deposits and time deposits maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). The Housing Authority may invest funds in accordance with HUD guidelines as referenced by the Financial Management Handbook.

For purposes of the Statement of Cash Flows, the Housing Authority considers all highly liquid investments to be cash equivalents. All certificates of deposit, other time deposits and investments are considered cash equivalents.

Custodial Credit Risk

At June 30, 2012, the Authority held deposits of approximately \$946,308 at financial institutions. The Authority's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or collateralized with securities held by the Authority or by its agent in the Authority's name.

Investment Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Authority has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

NOTE 3 - ACCOUNTS RECEIVABLE

All receivables from tenants are for rentals and service charges. These receivables are shown net of an allowance for uncollectible amounts. This amount is estimated based upon historical information. The allowance is \$20,000 at June 30, 2012.

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
 BROKEN BOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 4 - CAPITAL ASSETS

Capital assets are valued at cost when purchased and at fair market value when donated. The costs of the assets are depreciated over the estimated useful life of the asset. All items with an estimated useful life of one year or more are capitalized and depreciated using the straight-line method. The Authority does not have a set capitalization threshold, but rather determines capitalization on a case-by-case basis. Depreciation expense for the fiscal year ended June 30, 2012 is \$248,555.

Estimated useful lives of the assets are as follows:

Buildings	40 Years
Site Improvements	20 Years
Equipment	3 to 10 Years

The changes in capital assets are as follows:

	Balance at June 30, 2011	Additions	Deductions	Reclass/ Transfers	Balance at June 30, 2012
Non-depreciable assets:					
Land	\$ 225,269	\$ -	\$ -	\$ -	\$ 225,269
Construction in Progress	373,013	215,567	-	(357,683)	230,897
Total non-depreciable assets	<u>\$ 598,282</u>	<u>\$ 215,567</u>	<u>\$ -</u>	<u>\$ (357,683)</u>	<u>\$ 456,166</u>
Depreciable assets:					
Infrastructure	13,329	-	-	-	13,329
Buildings	7,562,602	229,875	-	268,023	8,060,499
Furniture, Equipment & Machinery - Dwell	177,758	9,772	-	(72,502)	115,028
Furniture, Equipment & Machinery - Admin	316,651	6,000	(11,025)	72,502	384,128
Leasehold Improvements	1,293,927	-	-	89,660	1,383,586
Total depreciable assets	<u>9,364,267</u>	<u>245,647</u>	<u>(11,025)</u>	<u>357,683</u>	<u>9,956,571</u>
Less: Accum. Depreciation	<u>(5,975,377)</u>	<u>(248,555)</u>	<u>11,024</u>	<u>-</u>	<u>(6,212,908)</u>
Total depreciable assets, net	3,388,890	(2,908)	(1)	357,683	3,743,663
Total Capital Assets, Net	<u><u>\$ 3,987,172</u></u>	<u><u>\$ 212,659</u></u>	<u><u>\$ (1)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,199,829</u></u>

NOTE 5 - NOTES AND MORTGAGES PAYABLE

Compensated Absences

As of June 30, 2012, the Authority had \$38,249 of compensated absences. \$34,424.00 of this liability was classified as long term.

Notes payable

The notes payable were all paid in full during the previous year.

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 6- ECONOMIC DEPENDENCY

The Housing Authority receives a significant portion of its revenue from funds provided through federal grants. The grant amounts are appropriated each year at the federal level. If significant budget cuts are made at the federal level, the amount of the funds the Housing Authority receives could be reduced significantly, and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Housing Authority will receive in the next fiscal year.

NOTE 7 - BUDGETARY PROCESS

Pursuant to HUD Guidelines, the Housing Authority adopts a budget annually. The director prepares the budget with consultation by the Housing Authority's fee accountant. The Board of Directors then approves it. Revisions to the budget are made as needed.

NOTE 8 - CONTINGENT LIABILITIES

During the year ending June 30, 2005, the Authority received federal monies passed through the agency of the State of Oklahoma, the Oklahoma Housing Financing Authority. The Authority also received funds from the Federal Home Loan Bank Board. These funds were to be used to construct two low income housing projects. The funds need not be repaid as long as the facilities that are being constructed remain as low income housing. The Authority passed the funds through to two for-profit entities. The for-profit entities are building the facilities using the monies from the Authority and also using tax credits that were awarded the Authority and also passed through to the for-profit entities. The two facilities are owned by the for-profit entities. The tax credits were awarded to the Authority with the provision that they be used to help construct low income housing. The federal funds passed through to the for-profit entities are loans from the Authority to the for-profit entities. If the two facilities are converted to non low income housing the monies are required to be repaid to the Authority from the for-profit entities immediately and the Authority is required to repay the monies to the various granting agencies immediately. These funds are not required to be paid back for 15 years, as long as the facilities remain low income housing. The federal monies totaled \$716,940. Additional federal money in the amount of \$520,560 was distributed during the year ending June 30, 2006. These funds are presented as revenues in the statement of revenues over expenses for the Authority and also as long term accounts receivable. The total amount of long term accounts receivable from such entities as of June 30, 2012 is \$1,237,500. At the end of the 15 year period, the liability from the for-profit entities may be exchanged for the properties. The Authority is the property manager and handles all operations of the two facilities. It is not probable that the Authority will convert the properties associated with the receivable/payable to non-low rent housing and be required to repay the loans.

The Smith Farm Estate was started in September 2010 and completed in September 2011, all funding was approved and obligated before June 30, 2011 but final document closing wasn't until September 2011. The Housing Authority is Managing member of the Smith Farm Estate LLC and owns .01% of the LLC. The Housing Authority holds mortgage in the amount of \$750,000.00 for the HOME, a loan forgivable, at the end of the 15 year compliance period. The Housing Authority does not hold the mortgage on the \$200,000.00 Affordable Housing Program, FHLB, that mortgage is held by Horizon Bank.

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Other Contingencies

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to the federal grantors and/or program beneficiaries.

NOTE 9 - RETIREMENT PLAN

The Housing Authority participates in a defined contribution plan administered by the Housing Renewal and Local Agency Retirement Plan. The Housing Authority and the participants are required to contribute 8 ½% and 5%, respectively. For the fiscal year, actual contributions by the Housing Authority and the participants were \$31,848.76 and \$18,363.32, respectively for a total of \$50,212.08. Participating employees shall vest in Employer contributions at the rate of twenty percent per each full year of continuous and uninterrupted service with the Employer.

No Other Post-Employment Benefits are provided by the Authority.

NOTE 10 - INTERPROGRAM ACCOUNTS

Inter-program receivables and payables arise from Inter-program transactions and are recorded by all programs affected in the period in which transactions are executed. These receivables and payables are eliminated for presentation of the financial statements.

NOTE 11 - SUBSEQUENT EVENTS

The Authority did not have any subsequent events through January 22, 2013, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2012.

**HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012**

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA No.</u>	<u>Agency Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development:			
Direct Programs			
Low Rent Public Housing	14.850	OK006	\$ 254,318
Public Housing Capital Fund Program	14.872	OK006	299,278
Housing Choice Vouchers	14.871	OK006	624,499
Total			<u><u>\$ 1,178,095</u></u>

**HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO THE 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 awards of the Housing Authority of the City of Broken Bow, Oklahoma (the "Housing Authority"). The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is present using the accrual basis of accounting, which is described in Note 1 to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

<u>Federal Sources</u>	
General	\$ 1,178,095
Total	<u><u>\$ 1,178,095</u></u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

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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*

To the Board of Directors
Housing Authority of the City of Broken Bow
Broken Bow, Oklahoma

We have audited the financial statements of the Housing Authority of the City of Broken Bow, as of June 30, 2012, and have issued our report thereon dated January 22, 2013. We conducted our audit in accordance with U.S. 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 in accordance with Oklahoma Statutes.

Internal Control Over Financial Reporting

Management of the Housing Authority of the City of Broken Bow is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Housing Authority of the City of Broken Bow'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 Housing Authority of the City of Broken Bow's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Broken Bow'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

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financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Broken Bow's financial statements are free of material misstatement, we performed tests of 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 the board of directors and management of the Housing Authority of the City of Broken Bow, Broken Bow, Oklahoma, 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.

Kershaw CPA & Associates, P.C.

Kershaw, CPA & Associates, PC

January 22, 2013

KERSHAW CPA & ASSOCIATES, PC

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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

To the Board of Directors
Housing Authority of the City of Broken Bow
Broken Bow, Oklahoma

Compliance

We have audited the Housing Authority of the City of Broken Bow's 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 the Housing Authority of the City of Broken Bow's major federal programs for the year ended June 30, 2012. The Housing Authority of the City of Broken Bow's major federal programs are identified in the summary of auditor's 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 Housing Authority of the City of Broken Bow's management. Our responsibility is to express an opinion on the Housing Authority of the City of Broken Bow's compliance based on our audit.

We conducted our audit of compliance in accordance 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*, and in accordance with Oklahoma Statutes. 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 Housing Authority of the City of Broken Bow'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 Housing Authority of the City of Broken Bow's compliance with those requirements.

In our opinion, the Housing Authority of the City of Broken Bow 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 Housing Authority of the City of Broken Bow 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 Housing Authority of the City of Broken Bow'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

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on the effectiveness of the Housing Authority of the City of Broken Bow's internal control over compliance.

A deficiency in internal control over compliance 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 to detect and correct, noncompliance with a type of compliance requirement of a federal program 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 the 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.

This report is intended solely for the information and use of management Housing Authority of the City of Broken Bow, Oklahoma, all applicable federal and state agencies, others within the entity, 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.

Kershaw CPA & Associates, P.C.
Kershaw, CPA & Associates, PC

January 22, 2013

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
SUMMARY STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2012

The prior report on the audit of the financial statements as of and for the twelve months ended June 30, 2011, contained no findings.

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
 BROKEN BOW, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue: Unqualified

Internal control over financial reporting:

Material weaknesses identified? yes no

Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes no

Significant deficiencies identified that are not considered to be material weaknesses? yes 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 no

Identification of major programs:

#14.871 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

FINANCIAL DATA SCHEDULE

Housing Authority of the City of Broken Bow (OK006)

BROKEN BOW, OK

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$63,092	\$167,591	\$66,251	\$296,934		\$296,934
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$0	\$0	\$51,804	\$51,804		\$51,804
114 Cash - Tenant Security Deposits	\$17,899	\$2,550	\$0	\$20,449		\$20,449
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0		\$0
100 Total Cash	\$80,991	\$170,141	\$118,055	\$369,187	\$0	\$369,187
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$57,873	\$0	\$0	\$57,873		\$57,873
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$6,977	\$150,968	\$0	\$157,945		\$157,945
126 Accounts Receivable - Tenants	\$4,910	\$20,314	\$0	\$25,224		\$25,224
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,000	-\$18,000	\$0	-\$20,000		-\$20,000
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$32,759	\$0	-\$32,759		-\$32,759
127 Notes, Loans, & Mortgages Receivable - Current	\$1,266	\$81,162	\$0	\$82,428		\$82,428
128 Fraud Recovery	\$0	\$0	\$0	\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0	\$0	\$0	\$0		\$0
129 Accrued Interest Receivable	\$0	\$2,109	\$0	\$2,109		\$2,109
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$69,026	\$203,794	\$0	\$272,820	\$0	\$272,820
131 Investments - Unrestricted	\$0	\$553,567	\$0	\$553,567		\$553,567
132 Investments - Restricted	\$0	\$0	\$23,554	\$23,554		\$23,554
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$10,559	\$8,781	\$2,420	\$21,760		\$21,760
143 Inventories	\$9,808	\$0	\$0	\$9,808		\$9,808
143.1 Allowance for Obsolete Inventories	-\$490	\$0	\$0	-\$490		-\$490
144 Inter Program Due From	\$185,260	\$104,998	\$0	\$290,258	-\$290,258	\$0
145 Assets Held for Sale	\$0	\$968,039	\$0	\$968,039		\$968,039
150 Total Current Assets	\$355,154	\$2,009,320	\$144,029	\$2,508,503	-\$290,258	\$2,218,245
161 Land	\$225,269	\$0	\$0	\$225,269		\$225,269
162 Buildings	\$7,413,385	\$647,115	\$0	\$8,060,500		\$8,060,500
163 Furniture, Equipment & Machinery - Dwellings	\$115,028	\$0	\$0	\$115,028		\$115,028
164 Furniture, Equipment & Machinery - Administration	\$309,301	\$72,502	\$2,325	\$384,128		\$384,128
165 Leasehold Improvements	\$1,320,032	\$63,554	\$0	\$1,383,586		\$1,383,586
166 Accumulated Depreciation	-\$6,030,663	-\$180,690	-\$1,555	-\$6,212,908		-\$6,212,908
167 Construction in Progress	\$230,897	\$0	\$0	\$230,897		\$230,897
168 Infrastructure	\$13,329	\$0	\$0	\$13,329		\$13,329
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,596,578	\$602,481	\$770	\$4,199,829	\$0	\$4,199,829

FINANCIAL DATA SCHEDULE

171	Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$1,237,500	\$0	\$1,237,500		\$1,237,500
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0		\$0
173	Grants Receivable - Non Current	\$0	\$0	\$0	\$0		\$0
174	Other Assets	\$0	\$0	\$0	\$0		\$0
176	Investments in Joint Ventures	\$0	\$0	\$0	\$0		\$0
180	Total Non-Current Assets	\$3,596,578	\$1,839,981	\$770	\$5,437,329	\$0	\$5,437,329
190	Total Assets	\$3,951,732	\$3,849,301	\$144,799	\$7,945,832	-\$290,258	\$7,655,574
311	Bank Overdraft	\$0	\$0	\$0	\$0		\$0
312	Accounts Payable <= 90 Days	\$55	\$977	\$1,783	\$2,815		\$2,815
313	Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0		\$0
321	Accrued Wage/Payroll Taxes Payable	\$2,988	\$4,678	\$0	\$7,666		\$7,666
322	Accrued Compensated Absences - Current Portion	\$1,950	\$892	\$983	\$3,825		\$3,825
324	Accrued Contingency Liability	\$0	\$0	\$0	\$0		\$0
325	Accrued Interest Payable	\$0	\$0	\$0	\$0		\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0		\$0
332	Account Payable - PHA Projects	\$0	\$0	\$0	\$0		\$0
333	Accounts Payable - Other Government	\$112,991	\$0		\$112,991		\$112,991
341	Tenant Security Deposits	\$17,899	\$2,550	\$0	\$20,449		\$20,449
342	Deferred Revenues	\$3,524	\$7,756	\$11,099	\$22,379		\$22,379
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0		\$0
344	Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0		\$0
345	Other Current Liabilities	\$48,963	\$744	\$0	\$49,707		\$49,707
346	Accrued Liabilities - Other	\$0	\$0	\$0	\$0		\$0
347	Inter Program - Due To	\$8,668	\$104,861	\$176,729	\$290,258	-\$290,258	\$0
348	Loan Liability - Current	\$0	\$0	\$0	\$0		\$0
310	Total Current Liabilities	\$197,038	\$122,458	\$190,594	\$510,090	-\$290,258	\$219,832
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0		\$0
352	Long-term Debt, Net of Current - Operating Borrowings	\$0	\$1,237,500	\$0	\$1,237,500		\$1,237,500
353	Non-current Liabilities - Other	\$0	\$200,018	\$23,554	\$223,572		\$223,572
354	Accrued Compensated Absences - Non Current	\$17,547	\$8,030	\$8,847	\$34,424		\$34,424
355	Loan Liability - Non Current	\$0	\$0	\$0	\$0		\$0
356	FASB 5 Liabilities	\$0	\$0	\$0	\$0		\$0
357	Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0		\$0
350	Total Non-Current Liabilities	\$17,547	\$1,445,548	\$32,401	\$1,495,496	\$0	\$1,495,496
300	Total Liabilities	\$214,585	\$1,568,006	\$222,995	\$2,005,586	-\$290,258	\$1,715,328
508.1	Invested In Capital Assets, Net of Related Debt	\$3,596,578	\$602,481	\$770	\$4,199,829		\$4,199,829
511.1	Restricted Net Assets	\$0	\$0	\$51,804	\$51,804		\$51,804
512.1	Unrestricted Net Assets	\$140,569	\$1,678,814	-\$130,770	\$1,688,613		\$1,688,613
513	Total Equity/Net Assets	\$3,737,147	\$2,281,295	-\$78,196	\$5,940,246	\$0	\$5,940,246
600	Total Liabilities and Equity/Net Assets	\$3,951,732	\$3,849,301	\$144,799	\$7,945,832	-\$290,258	\$7,655,574

FINANCIAL DATA SCHEDULE

Housing Authority of the City of Broken Bow (OK006)
BROKEN BOW, OK

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2012

	Project Total	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$307,111	\$89,788	\$0	\$396,899		\$396,899
70400 Tenant Revenue - Other	\$5,320	\$5,112	\$0	\$10,432		\$10,432
70500 Total Tenant Revenue	\$312,431	\$94,900	\$0	\$407,331	\$0	\$407,331
70600 HUD PHA Operating Grants	\$322,257	\$0	\$624,499	\$946,756		\$946,756
70610 Capital Grants	\$231,339	\$0	\$0	\$231,339		\$231,339
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue				\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$93	\$4,423	\$2	\$4,518		\$4,518
71200 Mortgage Interest Income	\$0	\$1,985	\$0	\$1,985		\$1,985
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$300	\$300		\$300
71500 Other Revenue	\$31,678	\$254,847	\$1,638	\$288,163		\$288,163
71600 Gain or Loss on Sale of Capital Assets	\$800	\$40	\$0	\$840		\$840
72000 Investment Income - Restricted	\$0	\$0	\$35	\$35		\$35
70000 Total Revenue	\$898,598	\$356,195	\$626,474	\$1,881,267	\$0	\$1,881,267
91100 Administrative Salaries	\$102,576	\$26,911	\$87,556	\$217,043		\$217,043
91200 Auditing Fees	\$7,803	\$184	\$840	\$8,827		\$8,827
91300 Management Fee	\$0	\$0	\$0	\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0		\$0
91400 Advertising and Marketing	\$209	\$0	\$0	\$209		\$209
91500 Employee Benefit contributions - Administrative	\$36,687	\$18,549	\$28,326	\$83,562		\$83,562
91600 Office Expenses	\$23,220	\$318	\$1,906	\$25,444		\$25,444
91700 Legal Expense	\$0	\$0	\$0	\$0		\$0
91800 Travel	\$2,431	\$100	\$7,625	\$10,156		\$10,156
91810 Allocated Overhead	\$0	\$0	\$0	\$0		\$0
91900 Other	\$41,271	\$15,104	\$3,877	\$60,252		\$60,252
91000 Total Operating - Administrative	\$214,197	\$61,166	\$130,130	\$405,493	\$0	\$405,493
92000 Asset Management Fee	\$0	\$0	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0		\$0
92200 Relocation Costs	\$0	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0		\$0
92400 Tenant Services - Other	\$4,078	\$11,169	\$0	\$15,247		\$15,247
92500 Total Tenant Services	\$4,078	\$11,169	\$0	\$15,247	\$0	\$15,247

FINANCIAL DATA SCHEDULE

93100	Water	\$20,453	\$332	\$0	\$20,785		\$20,785
93200	Electricity	\$22,781	\$1,732	\$0	\$24,513		\$24,513
93300	Gas	\$7,863	\$294	\$0	\$8,157		\$8,157
93400	Fuel	\$0	\$0	\$0	\$0		\$0
93500	Labor	\$0	\$0	\$0	\$0		\$0
93600	Sewer	\$28,068	\$110	\$0	\$28,178		\$28,178
93700	Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0		\$0
93800	Other Utilities Expense	\$0	\$0	\$0	\$0		\$0
93000	Total Utilities	\$79,165	\$2,468	\$0	\$81,633	\$0	\$81,633
94100	Ordinary Maintenance and Operations - Labor	\$94,780	\$0	\$0	\$94,780		\$94,780
94200	Ordinary Maintenance and Operations - Materials and Other	\$121,232	\$41,049	\$0	\$162,281		\$162,281
94300	Ordinary Maintenance and Operations Contracts	\$93,910	\$39,454	\$0	\$133,364		\$133,364
94500	Employee Benefit Contributions - Ordinary Maintenance	\$43,098	\$0	\$0	\$43,098		\$43,098
94000	Total Maintenance	\$353,020	\$80,503	\$0	\$433,523	\$0	\$433,523
95100	Protective Services - Labor	\$0	\$0	\$0	\$0		\$0
95200	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0		\$0
95300	Protective Services - Other	\$0	\$0	\$0	\$0		\$0
95500	Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0		\$0
95000	Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110	Property Insurance	\$31,503	\$10,980	\$0	\$42,483		\$42,483
96120	Liability Insurance	\$1,333	\$43	\$0	\$1,376		\$1,376
96130	Workmen's Compensation	\$22,005	\$917	\$11,003	\$33,925		\$33,925
96140	All Other Insurance	\$6,523	\$699	\$3,217	\$10,439		\$10,439
96100	Total insurance Premiums	\$61,364	\$12,639	\$14,220	\$88,223	\$0	\$88,223
96200	Other General Expenses	\$0	\$0	\$376	\$376		\$376
96210	Compensated Absences	\$0	\$0	\$0	\$0		\$0
96300	Payments in Lieu of Taxes	\$22,809	\$0	\$0	\$22,809		\$22,809
96400	Bad debt - Tenant Rents	\$10,658	\$4,795	\$0	\$15,453		\$15,453
96500	Bad debt - Mortgages	\$0	\$0	\$0	\$0		\$0
96600	Bad debt - Other	\$0	\$0	\$0	\$0		\$0
96800	Severance Expense	\$0	\$0	\$0	\$0		\$0
96000	Total Other General Expenses	\$33,467	\$4,795	\$376	\$38,638	\$0	\$38,638
96710	Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0		\$0
96720	Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0		\$0
96730	Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0		\$0
96700	Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900	Total Operating Expenses	\$745,291	\$172,740	\$144,726	\$1,062,757	\$0	\$1,062,757
97000	Excess of Operating Revenue over Operating Expenses	\$153,307	\$183,455	\$481,748	\$818,510	\$0	\$818,510

FINANCIAL DATA SCHEDULE

97100	Extraordinary Maintenance	\$549	\$15,418	\$0	\$15,967		\$15,967
97200	Casualty Losses - Non-capitalized	\$0	\$6,377	\$0	\$6,377		\$6,377
97300	Housing Assistance Payments	\$0	\$0	\$712,343	\$712,343		\$712,343
97350	HAP Portability-In	\$0	\$0	\$0	\$0		\$0
97400	Depreciation Expense	\$220,219	\$28,004	\$332	\$248,555		\$248,555
97500	Fraud Losses	\$0	\$0	\$0	\$0		\$0
97600	Capital Outlays - Governmental Funds						
97700	Debt Principal Payment - Governmental Funds						
97800	Dwelling Units Rent Expense	\$0	\$0	\$0	\$0		\$0
90000	Total Expenses	\$966,059	\$222,539	\$857,401	\$2,045,999	\$0	\$2,045,999
10010	Operating Transfer In	\$14,826	\$0	\$0	\$14,826	-\$14,826	\$0
10020	Operating transfer Out	-\$14,826	\$0	\$0	-\$14,826	\$14,826	\$0
10030	Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0		\$0
10040	Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0		\$0
10050	Proceeds from Notes, Loans and Bonds						
10060	Proceeds from Property Sales						
10070	Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0		\$0
10080	Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0		\$0
10091	Inter Project Excess Cash Transfer In	\$0			\$0		\$0
10092	Inter Project Excess Cash Transfer Out	\$0			\$0		\$0
10093	Transfers between Program and Project - In	\$0	\$0	\$0	\$0		\$0
10094	Transfers between Project and Program - Out	\$0	\$0	\$0	\$0		\$0
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$67,461	\$133,656	-\$230,927	-\$164,732	\$0	-\$164,732
11020	Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030	Beginning Equity	\$3,804,608	\$2,147,639	\$152,731	\$6,104,978		\$6,104,978
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors						
11050	Changes in Compensated Absence Balance						
11060	Changes in Contingent Liability Balance						
11070	Changes in Unrecognized Pension Transition Liability						
11080	Changes in Special Term/Severance Benefits Liability						
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100	Changes in Allowance for Doubtful Accounts - Other						
11170	Administrative Fee Equity			-\$130,000	-\$130,000		-\$130,000
11180	Housing Assistance Payments Equity			\$51,804	\$51,804		\$51,804
11190	Unit Months Available	1617	228	2452	4297		4297
11210	Number of Unit Months Leased	1611	228	2286	4125		4125
11270	Excess Cash	\$80,558			\$80,558		\$80,558
11610	Land Purchases	\$0			\$0		\$0
11620	Building Purchases	\$199,134			\$199,134		\$199,134
11630	Furniture & Equipment - Dwelling Purchases	\$9,772			\$9,772		\$9,772
11640	Furniture & Equipment - Administrative Purchases	\$6,000			\$6,000		\$6,000
11650	Leasehold Improvements Purchases	\$16,433			\$16,433		\$16,433
11660	Infrastructure Purchases	\$0			\$0		\$0
13510	CFFP Debt Service Payments	\$0			\$0		\$0
13901	Replacement Housing Factor Funds	\$0			\$0		\$0