

AUDIT REPORT
AND
SUPPLEMENTAL DATA FOR
HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA

JUNE 30, 2015

KERSHAW CPA & ASSOCIATES, PC

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HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
 BROKEN BOW, OKLAHOMA
 JUNE 30, 2015

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HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
JUNE 30, 2015

BOARD OF DIRECTORS

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Howard Minor	Chairman	7-5-2017
Midge Moore	Vice Chairman	7-5-2016
Clarisse Cubit	Commissioner	7-5-2016
Scott Brumley	Commissioner	7-5-2015
Keith Sanders	Commissioner	7-5-2015

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Broken Bow, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Broken Bow's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and Financial Data Schedule, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Housing Authority of the City of Broken Bow.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

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prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Authority. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2016, 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* in considering Housing Authority of the City of Broken Bow's internal control over financial reporting and compliance.

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

January 29, 2016

Housing Authority of the City of Broken Bow
Broken Bow, OK
Management's Discussion and Analysis
June 30, 2015

Management's Discussion and Analysis (MD&A) is an element of the 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.

The financial highlights for Broken Bow Housing Authority were:

As of June 30, 2015, total assets were \$7,357,559 as compared to \$7,278,098, as of June 30, 2014, an increase of \$79,461. Current assets increased \$18,016 and capital assets increased \$61,445.

Total liabilities increased \$113,649 due to increases in current liabilities of \$104,201 and non-current liabilities of \$9,448.

In 2015, total revenue decreased \$454,600, as compared to 2014, due to decreases in other income and Federal Grants & Subsidy revenue.

Total expenses decreased \$206,366 due to decreases in Housing Assistance Payments (HAP) and routine maintenance expenses.

Overview of the Financial Statements

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and 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 Position includes assets and liabilities plus provides information about the nature and amounts of investments in resources (assets) and obligations to the Housing Authority's creditors (liabilities). It also provides the basis for evaluating capital structure to include assessing liquidity and financial flexibility.

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 position is necessary or useful to sound financial administration.

Housing Authority of the City of Broken Bow

Management's Discussion and Analysis (MD & A)

June 30, 2015

Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities, associated with the operation of these funds, are included on the balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provides an overview of the financial activities and performance of the Broken Bow Housing Authority for year-ending June 30, 2015.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the ability of management to meet budgets, maintain the property (meet HUD specifications and inspections), and determines whether the Housing Authority has successfully recovered all its costs through its rental fees and other charges.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities plus 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. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year-ended June 30, 2015.

Financial Analysis

One of the most important questions asked about the Authority's finances; "Is the Housing Authority as a whole better, 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 basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on June 30, 2015. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarize the revenues, and sources of those revenues, generated and the expenses incurred in operating the Housing Authority for the year-ended June 30, 2015.

Broken Bow Housing Authority has a low-rent program that provides housing for qualified tenants, a capital fund program 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 program (affordable housing).

Housing Authority of the City of Broken Bow

Management's Discussion and Analysis (MD & A)

June 30, 2015

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

Net Position

June 30,

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$ 1,899,376	\$ 1,881,360	\$ 18,016	0.96%
Capital Assets, Net	4,220,683	4,159,238	61,445	1.48%
Non-Current Assets	<u>1,237,500</u>	<u>1,237,500</u>	<u>0</u>	<u>0.00%</u>
Total Assets	\$ <u>7,357,559</u>	\$ <u>7,278,098</u>	\$ <u>79,461</u>	<u>1.09%</u>
Current Liabilities	205,632	101,431	104,201	102.73%
Non-Current Liabilities	<u>1,283,158</u>	<u>1,273,710</u>	<u>9,448</u>	<u>0.74%</u>
Total Liabilities	\$ <u>1,488,790</u>	\$ <u>1,375,141</u>	\$ <u>113,649</u>	<u>8.26%</u>
Net Position:				
Investment in Capital Assets	4,220,683	4,159,238	61,445	1.48%
Restricted Net Position	0	27,021	(27,021)	-100.00%
Unrestricted Net Position	<u>1,648,086</u>	<u>1,716,698</u>	<u>(68,612)</u>	<u>-4.00%</u>
Total Net Position	\$ <u>5,868,769</u>	\$ <u>5,902,957</u>	\$ <u>(34,188)</u>	<u>-0.58%</u>

Capital Assets

(Net of Accumulated Depreciation)

June 30,

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Change</u>
Land	\$ 225,269	\$ 225,269	\$ 0	0.00%
Infrastructure	0	105,837	(105,837)	-100.00%
Buildings	8,284,240	8,284,240	0	0.00%
Furniture & Equipment - Dwell	127,557	127,557	0	0.00%
Furniture & Equipment - Admin	421,537	421,537	0	0.00%
Leasehold Improvements	1,411,110	1,411,110	0	0.00%
Construction in Progress	<u>728,004</u>	<u>307,100</u>	<u>420,904</u>	<u>137.06%</u>
Subtotal	11,197,717	10,882,650	315,067	2.90%
Accumulated Depreciation	<u>(6,977,034)</u>	<u>(6,723,412)</u>	<u>(253,622)</u>	<u>3.77%</u>
Net Capital Assets	\$ <u>4,220,683</u>	\$ <u>4,159,238</u>	\$ <u>61,445</u>	<u>1.48%</u>

Unaudited

Housing Authority of the City of Broken Bow

Management's Discussion and Analysis (MD & A)

June 30, 2015

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, 2015, current assets were \$1,899,376 as compared to \$1,881,360, as of June 30, 2014, an increase of \$18,016. Current assets' increase was due to positive cash flow (revenues exceeding expenses, net of depreciation expense). The change consisted of increases in cash/cash equivalents of \$118,545, prepaid expenses (insurance and payroll withholdings) of \$37,592, and inventories of \$90 with decreases in investments of \$122,268, assets held for sale of \$13,775, and total receivables (HUD and tenant rents) of \$2,168.

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.

At fiscal year-end 2015, infrastructure decreased \$105,837 due to audit reclassifications/adjustments from 2014. Construction in progress increased \$420,904 due to projects related to the state/local (affordable housing) program.

Non-current assets are assets which are not easily convertible to cash or are not expected to become cash within the next fiscal year.

Non-current assets consisted of \$1,237,500 in notes payables related to the state/local (affordable housing) program.

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, 2015, current liabilities were \$205,632 as compared to \$101,431, as of June 30, 2014, an increase of \$104,201. The change consisted of increases in other current liabilities (payables to state/local program) of \$96,352, vendor payables (utility payables) of \$10,353, accrued wage/payroll taxes payables of \$7,857, and accrued compensated absences (paid leave) of \$846 with decreases in Section 8 admin fee payables of \$9,079, unearned revenue (revenues received but not yet earned) of \$1,388, current loan liability of \$657, and tenant security deposits of \$83.

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 operating borrowings long-term debt, \$35,209 in non-current accrued compensated absences, and \$10,449 in noncurrent liabilities

Housing Authority of the City of Broken Bow

Management's Discussion and Analysis (MD & A)

June 30, 2015

(Section 8 FSS escrow accounts). Non-current accrued compensated absences are liabilities for wages such as vacation and benefits earned but not yet taken.

Debt:

Broken Bow Housing Authority's long-term debt consisted of \$1,237,500 in long-term operating borrowings related to the state/local (affordable housing) program.

Net Position:

As of June 30, 2015, the Housing Authority had \$5,868,769 invested in total net position. Of this amount, \$1,648,086 of unrestricted net position may be used to meet the Authority's future ongoing expenses and obligations. The remainder of \$4,220,683 represents the investment in capital assets of land, buildings, furnishings, leasehold improvements, equipment, and construction in progress.

Expendable Fund Balance

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Change</u>
Expendable Fund Balance	\$ <u>642,300</u>	\$ <u>689,612</u>	\$ <u>(47,312)</u>	<u>-6.86%</u>
Number of Months Expendable Fund	<u>9.84</u>	<u>9.55</u>	<u>0.29</u>	<u>3.06%</u>

Expendable Fund Balance:

The expendable fund balance is a measure of the entity's liquidity. If current assets, less materials inventory, 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 \$47,312 due mainly to increases in current liabilities (figures based on the 2014 and 2015 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. It is derived by dividing the expendable fund balance by average monthly expenses. Average monthly expenses are calculated by dividing the total expenses for the year, less depreciation, by twelve (12). The Authority's number of months expendable fund balance increased 0.29 months because decreases in average monthly expense were greater than decreases in the expendable fund balance (figures based on the 2014 and 2015 FDS information).

Housing Authority of the City of Broken Bow

Management's Discussion and Analysis (MD & A)

June 30, 2015

Changes in Net Position

For the Year Ended June 30

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>% of Change</u>
Revenue:				
Tenant Revenue	\$ 461,390	\$ 429,394	\$ 31,996	7.45%
Federal Grants & Subsidy	1,058,837	1,168,348	(109,511)	-9.37%
Investment Income	6,547	8,453	(1,906)	-22.55%
Other Income	67,736	442,915	(375,179)	-84.71%
Total Revenue	<u>1,594,510</u>	<u>2,049,110</u>	<u>(454,600)</u>	<u>-22.19%</u>
Expenses:				
Administrative	335,327	297,776	37,551	12.61%
Tenant Services	2,890	4,790	(1,900)	-39.67%
Utilities	75,959	75,677	282	0.37%
Routine Maintenance	291,265	402,334	(111,069)	-27.61%
General Expenses	77,816	80,345	(2,529)	-3.15%
Non-Routine Expenses	0	4,743	(4,743)	-100.00%
Housing Assistance Payments	591,820	708,630	(116,810)	-16.48%
Casualty Losses	0	1,055	(1,055)	-100.00%
Depreciation	253,621	259,714	(6,093)	-2.35%
Total Operating Expenses	<u>1,628,698</u>	<u>1,835,064</u>	<u>(206,366)</u>	<u>-11.25%</u>
Increase (Decrease) in Net Position	<u>\$ (34,188)</u>	<u>\$ 214,046</u>	<u>\$ (248,234)</u>	<u>-115.97%</u>

Revenues:

The main revenue sources are rents and other tenant charges and/or income received from the Department of Housing and Urban Development (HUD) in the form of operating subsidies and capital improvement grants.

Tenant revenue increased \$31,996 due to increases in tenant rent revenue of \$45,315 with decreases in other tenant revenue (tenant charges) of \$13,319.

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 2015, Broken Bow Housing Authority's operating grants, Housing Assistance Payments, and Administrative Fees decreased \$94,822 and Capital Grant revenue decreased \$14,689 that resulted in a total decrease of \$109,511.

Investment income decreased \$1,906 and other income decreased \$375,179 (due to miscellaneous income received for the state/local (affordable housing) program in 2014). Changes in investment income are generally governed by the amount of monies invested and the rates of returns on those investments.

Unaudited

Housing Authority of the City of Broken Bow

Management's Discussion and Analysis (MD & A)

June 30, 2015

Expenses:

Administrative expenses increased \$37,551 due to increases in administrative salaries of \$35,713 and operating expenses of \$6,896 with decreases in employee benefits of \$3,558 and auditing fees of \$1,500.

Tenant services expenses decreased \$1,900 because more services were provided residents in 2014 as compared to 2015.

Utilities increased \$282 which had minimal effects on Broken Bow Housing Authority's 2015 financial statements.

Routine maintenance expense decreased \$111,069 from \$402,334 in 2014 to \$291,265 in 2015. Maintenance contract costs decreased \$70,355, labor decreased \$37,003, and employee benefits decreased \$6,982 due mainly to fewer general upkeep and maintenance repairs during the year. Material expense increased \$3,271.

General expenses decreased \$2,529 due to decreases in total insurance premiums of \$1,292, tenant bad-debt expense of \$1,181, and other general expense (Section 8 portability fees) of \$56.

Non-routine expense decreased \$4,743 due to extraordinary repairs reported in 2014.

Housing Assistance Payments (HAP) expense decreased \$116,810, from \$708,630 to \$591,820, primarily because more applicants were assisted with housing need in 2014 as compared to 2015.

In 2014, the Authority reported \$1,055 in casualty losses as compared to no casualty losses, in 2015.

Depreciation expense decreased \$6,093 from \$259,714 in 2014 to \$253,621 in 2015.

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations. The entity is affected by both federal budgetary decisions and by local economic conditions.

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 money it receives. If you have questions or need further clarification regarding the financial statements, 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.

Unaudited

**HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>2015</u>	<u>Memo Only 2014</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash - Unrestricted	\$ 313,589	\$ 269,592
Cash - Tenant Security Deposits	21,332	21,415
Cash - Other Restricted	428	27,021
Accounts Receivable, Net	252,673	254,841
Investments, Unrestricted	105,915	229,588
Investments, Restricted	61,163	59,758
Inventory, Net	14,105	14,015
Prepaid Expenses	53,199	15,607
Property Held for Resale	975,748	989,523
Total Current Assets	<u>1,798,152</u>	<u>1,881,360</u>
<u>Noncurrent Assets:</u>		
Accounts Receivable - Long Term	1,237,500	1,237,500
Net Capital Assets	4,220,683	4,159,238
Total Noncurrent Assets	<u>5,458,183</u>	<u>5,396,738</u>
TOTAL ASSETS	<u>\$ 7,256,335</u>	<u>\$ 7,278,098</u>
<u>LIABILITIES & NET POSITION</u>		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 24,922	\$ 14,569
Accrued Expenses	52,882	58,787
Tenant Security Deposits	21,332	21,415
Prepaid Tenant Rents	5,272	6,660
Current Portion of Long Term Debt	-	-
Total Current Liabilities	<u>104,408</u>	<u>101,431</u>
<u>Noncurrent Liabilities:</u>		
Long-Term Debt	1,283,158	1,273,710
Total Liabilities	<u>1,387,566</u>	<u>1,375,141</u>
<u>NET POSITION</u>		
Net investment in capital assets	4,220,683	4,159,238
Restricted for debt service	428	27,021
Unrestricted	1,647,658	1,716,698
TOTAL NET POSITION	<u>5,868,769</u>	<u>5,902,957</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,256,335</u>	<u>\$ 7,278,098</u>

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 POSITION
FOR THE TWELVE MONTHS ENDED JUNE 30, 2015**

	<u>2015</u>	<u>Memo Only 2014</u>
<u>OPERATING REVENUE:</u>		
Dwelling Rental	\$ 461,390	\$ 429,394
HUD Operating Subsidies and Vouchers	973,109	1,067,931
Capital Grants	85,728	100,417
Other Income	67,736	442,915
Total Operating Revenue	<u>1,587,963</u>	<u>2,040,657</u>
<u>OPERATING EXPENSES:</u>		
Tenant Assistance Payments	591,820	708,630
Tenant Services	2,890	4,790
Administration	335,327	297,776
Utilities	75,959	75,677
Maintenance	291,265	402,334
Protective Services	-	-
Insurance Premiums	64,691	65,983
Other General Expenses	13,125	20,160
Depreciation	253,621	259,714
Total Operating Expenses	<u>1,628,698</u>	<u>1,835,064</u>
NET OPERATING INCOME (LOSS)	(40,735)	205,593
<u>NON-OPERATING REVENUES (EXPENSES):</u>		
Interest Income	6,547	8,453
Interest Expense	-	-
NET NON-OPERATING REVENUES (EXPENSES)	<u>6,547</u>	<u>8,453</u>
CHANGE IN NET POSITION	(34,188)	214,046
TOTAL NET POSITION, BEGINNING OF YEAR	5,902,957	5,688,911
PRIOR YEAR ADJUSTMENTS	-	(1)
TOTAL NET POSITION, END OF YEAR	<u>\$ 5,868,769</u>	<u>\$ 5,902,957</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, 2015**

	<u>2015</u>	<u>Memo Only 2014</u>
<u>Cash Flows from Operating Activities:</u>		
Cash From Dwelling Rentals	\$ 461,390	\$ 429,394
Cash From HUD and Other Sources	1,127,270	1,549,677
Cash Payments to Employees	(251,695)	(251,695)
Cash Payments for Goods and Services	<u>(1,142,841)</u>	<u>(1,720,624)</u>
Net Cash Provided (Used) by Operating Activities	<u>194,124</u>	<u>6,752</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Additions to Capital Assets	(315,067)	(341,593)
Proceeds from sale of Capital Assets	-	-
Changes in Long-Term Debt	9,448	(31,777)
Interest Paid On Long-Term Debt	-	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(305,619)</u>	<u>(373,370)</u>
<u>Cash Flows from Investing Activities:</u>		
Interest Income	<u>6,547</u>	<u>8,453</u>
Net Cash Provided (Used) by Investing Activities	<u>6,547</u>	<u>8,453</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(104,948)	(358,166)
Cash & Cash Equivalents, Beginning of Year	607,374	965,541
Cash & Cash Equivalents, Prior Year Adjustment	-	(1)
Cash & Cash Equivalents, End of Year	<u>\$ 502,427</u>	<u>\$ 607,374</u>
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>		
Net Operating Income (Loss)	\$ (40,735)	\$ 205,593
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	253,621	259,714
(Increase)Decrease in Short Term Accounts Receivable	2,168	(43,493)
(Increase)Decrease in Long Term Accounts Receivable	-	-
(Increase)Decrease in Prepaid Expenses	(37,592)	13,142
(Increase)Decrease in Inventory	(90)	(4,697)
(Increase)Decrease in Property Held for Sale	13,775	(1,775)
Increase(Decrease) in Accounts Payable	10,354	7,917
Increase(Decrease) in Accrued Expenses	(5,905)	(411,556)
Increase(Decrease) in Tenant Security Deposits	(83)	28
Increase(Decrease) in Prepaid Rents	<u>(1,388)</u>	<u>(18,121)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 194,124</u>	<u>\$ 6,752</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, 2015

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

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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, 2015, the Authority held deposits of approximately \$507,427 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.

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

- 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 \$10,988 at June 30, 2015.

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, 2015 is \$253,621.

Estimated useful lives of the assets are as follows:

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

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
 BROKEN BOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

The changes in capital assets are as follows:

	Balance at June 30, 2014	Additions	Deductions	Reclass/ Transfers	Balance at June 30, 2015
Non-depreciable assets:					
Land	\$ 225,269	\$ -	\$ -	\$ -	\$ 225,269
Construction in Progress	307,100	315,067	-	105,837	728,004
Total non-depreciable assets	<u>\$ 532,369</u>	<u>\$ 315,067</u>	<u>\$ -</u>	<u>\$ 105,837</u>	<u>\$ 953,273</u>
Depreciable assets:					
Infrastructure	105,837	-	-	(105,837)	-
Buildings	8,284,240	-	-	-	8,284,240
Furniture, Equipment & Machinery - Dwell	127,557	-	-	-	127,557
Furniture, Equipment & Machinery - Admin	421,537	-	-	-	421,537
Leasehold Improvements	1,411,110	-	-	-	1,411,110
Total depreciable assets	<u>10,350,281</u>	<u>-</u>	<u>-</u>	<u>(105,837)</u>	<u>10,244,444</u>
Less: Accum. Depreciation	<u>(6,723,412)</u>	<u>(253,622)</u>	<u>-</u>	<u>-</u>	<u>(6,977,034)</u>
Total depreciable assets, net	3,626,869	(253,622)	-	(105,837)	3,267,410
Total Capital Assets, Net	<u><u>\$ 4,159,238</u></u>	<u><u>\$ 61,445</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,220,683</u></u>

NOTE 5 - NOTES AND MORTGAGES PAYABLE

Compensated Absences

As of June 30, 2015, the Authority had \$39,121 of compensated absences. \$35,209 of this liability was classified as long term.

Notes payable

The Authority does not have any long-term notes payable.

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.

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 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, 2015

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 \$23,985.53 and \$10,121.61, respectively for a total of \$34,107.14. 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 29, 2016, 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, 2015.

**HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015**

<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	\$ 266,926
Public Housing Capital Fund Program	14.872	OK006	139,589
Housing Choice Vouchers	14.871	OK006	652,322
Total			<u>\$ 1,058,837</u>

**HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015**

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	<u>\$ 1,058,837</u>
Total	<u>\$ 1,058,837</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, in accordance with the 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, the financial statements of the Housing Authority of the City of Broken Bow, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Broken Bow's basic financial statements, and have issued our report thereon dated January 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Broken Bow's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Broken Bow's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

January 29, 2016

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Broken Bow's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does

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not provide a legal determination on Housing Authority of the City of Broken Bow's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Broken Bow complied, in all material respects, with the types of 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, 2015.

Report on 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 the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Broken Bow's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

January 29, 2016

HOUSING AUTHORITY OF THE CITY OF BROKEN BOW
BROKEN BOW, OKLAHOMA
SUMMARY STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2015

The prior report on the audit of the financial statements as of and for the twelve months ended June 30, 2014, 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, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issue:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	_____yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____yes	<u> X </u> 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?	<u> X </u> 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: 06/30/2015

	Project Total	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$211,737	\$88,247	\$13,605	\$313,589		\$313,589
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$428	\$0	\$0	\$428		\$428
114 Cash - Tenant Security Deposits	\$17,182	\$4,150	\$0	\$21,332		\$21,332
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0		\$0
100 Total Cash	\$229,347	\$92,397	\$13,605	\$335,349	\$0	\$335,349
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$14,890	\$0	\$0	\$14,890		\$14,890
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$50,231	\$128,991	\$75	\$179,297		\$179,297
126 Accounts Receivable - Tenants	\$12,081	\$3,913	\$0	\$15,994		\$15,994
126.1 Allowance for Doubtful Accounts - Tenants	-\$9,452	-\$1,536	\$0	-\$10,988		-\$10,988
126.2 Allowance for Doubtful Accounts - Other	\$0	-\$19,844	\$0	-\$19,844		-\$19,844
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$73,288	\$0	\$73,288		\$73,288
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	\$36	\$0	\$36		\$36
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$67,750	\$184,848	\$75	\$252,673	\$0	\$252,673
131 Investments - Unrestricted	\$0	\$105,915	\$0	\$105,915		\$105,915
132 Investments - Restricted	\$0	\$51,142	\$10,021	\$61,163		\$61,163
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$39,826	\$11,351	\$2,022	\$53,199		\$53,199
143 Inventories	\$14,847	\$0	\$0	\$14,847		\$14,847
143.1 Allowance for Obsolete Inventories	-\$742	\$0	\$0	-\$742		-\$742
144 Inter Program Due From	\$0	\$101,224	\$0	\$101,224	-\$101,224	\$0
145 Assets Held for Sale	\$0	\$975,748	\$0	\$975,748		\$975,748
150 Total Current Assets	\$351,028	\$1,522,625	\$25,723	\$1,899,376	-\$101,224	\$1,798,152
161 Land	\$225,269	\$0	\$0	\$225,269		\$225,269
162 Buildings	\$7,637,125	\$647,115	\$0	\$8,284,240		\$8,284,240
163 Furniture, Equipment & Machinery - Dwellings	\$127,557	\$0	\$0	\$127,557		\$127,557
164 Furniture, Equipment & Machinery - Administration	\$315,111	\$104,101	\$2,325	\$421,537		\$421,537
165 Leasehold Improvements	\$1,347,556	\$63,554	\$0	\$1,411,110		\$1,411,110
166 Accumulated Depreciation	-\$6,708,922	-\$265,787	-\$2,325	-\$6,977,034		-\$6,977,034
167 Construction in Progress	\$257,488	\$470,516	\$0	\$728,004		\$728,004
168 Infrastructure	\$0	\$0	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,201,184	\$1,019,499	\$0	\$4,220,683	\$0	\$4,220,683

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	\$3,201,184	\$2,256,999	\$0	\$5,458,183	\$0	\$5,458,183
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0		\$0
290 Total Assets and Deferred Outflow of Resources	\$3,552,212	\$3,779,624	\$25,723	\$7,357,559	-\$101,224	\$7,256,335
311 Bank Overdraft	\$0	\$0	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$22,107	\$1,985	\$830	\$24,922		\$24,922
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$13,657	\$6,348	\$898	\$20,903		\$20,903
322 Accrued Compensated Absences - Current Portion	\$2,141	\$479	\$1,292	\$3,912		\$3,912
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	\$0	\$0	\$0	\$0		\$0
341 Tenant Security Deposits	\$17,182	\$4,150	\$0	\$21,332		\$21,332
342 Unearned Revenue	\$4,585	\$687	\$0	\$5,272		\$5,272
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	\$0	\$0		\$0		\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0		\$0
347 Inter Program - Due To	\$0	\$0	\$101,224	\$101,224	-\$101,224	\$0
348 Loan Liability - Current	\$0	\$28,067	\$0	\$28,067		\$28,067
310 Total Current Liabilities	\$59,672	\$41,716	\$104,244	\$205,632	-\$101,224	\$104,408
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	\$428	\$0	\$10,021	\$10,449		\$10,449
354 Accrued Compensated Absences - Non Current	\$19,267	\$4,315	\$11,627	\$35,209		\$35,209
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	\$19,695	\$1,241,815	\$21,648	\$1,283,158	\$0	\$1,283,158
300 Total Liabilities	\$79,367	\$1,283,531	\$125,892	\$1,488,790	-\$101,224	\$1,387,566
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0		\$0
508.4 Net Investment in Capital Assets	\$3,201,184	\$1,019,499	\$0	\$4,220,683		\$4,220,683
511.4 Restricted Net Position			\$0	\$0		\$0
512.4 Unrestricted Net Position	\$271,661	\$1,476,594	-\$100,169	\$1,648,086		\$1,648,086
513 Total Equity - Net Assets / Position	\$3,472,845	\$2,496,093	-\$100,169	\$5,868,769	\$0	\$5,868,769
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,552,212	\$3,779,624	\$25,723	\$7,357,559	-\$101,224	\$7,256,335

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: 06/30/2015

	Project Total	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$327,757	\$125,114	\$0	\$452,871		\$452,871
70400 Tenant Revenue - Other	\$6,546	\$1,973	\$0	\$8,519		\$8,519
70500 Total Tenant Revenue	\$334,303	\$127,087	\$0	\$461,390	\$0	\$461,390
70600 HUD PHA Operating Grants	\$320,787	\$0	\$652,322	\$973,109		\$973,109
70610 Capital Grants	\$85,728	\$0	\$0	\$85,728		\$85,728
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	\$21	\$2,159	\$26	\$2,206		\$2,206
71200 Mortgage Interest Income	\$0	\$4,341	\$0	\$4,341		\$4,341
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$61,000	\$0	\$61,000		\$61,000
71310 Cost of Sale of Assets	\$0	-\$13,775	\$0	-\$13,775		-\$13,775
71400 Fraud Recovery	\$0	\$0	\$833	\$833		\$833
71500 Other Revenue	\$10,914	\$7,286	\$1,478	\$19,678		\$19,678
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0		\$0
70000 Total Revenue	\$751,753	\$188,098	\$654,659	\$1,594,510	\$0	\$1,594,510
91100 Administrative Salaries	\$91,227	\$31,795	\$49,213	\$172,235		\$172,235
91200 Auditing Fees	\$9,150	\$0	\$1,450	\$10,600		\$10,600
91300 Management Fee	\$0	\$0	\$0	\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0		\$0
91400 Advertising and Marketing	\$373	\$0	\$95	\$468		\$468
91500 Employee Benefit contributions - Administrative	\$42,035	\$5,312	\$15,278	\$62,625		\$62,625
91600 Office Expenses	\$22,465	\$695	\$1,383	\$24,543		\$24,543
91700 Legal Expense	\$0	\$1,625	\$0	\$1,625		\$1,625
91800 Travel	\$9	\$0	\$2,176	\$2,185		\$2,185
91810 Allocated Overhead	\$0	\$0	\$0	\$0		\$0
91900 Other	\$55,511	\$2,163	\$3,372	\$61,046		\$61,046
91000 Total Operating - Administrative	\$220,770	\$41,590	\$72,967	\$335,327	\$0	\$335,327
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	\$1,804	\$1,086	\$0	\$2,890		\$2,890
92500 Total Tenant Services	\$1,804	\$1,086	\$0	\$2,890	\$0	\$2,890

FINANCIAL DATA SCHEDULE

93100 Water	\$18,789	\$276	\$0	\$19,065		\$19,065
93200 Electricity	\$20,198	\$3,399	\$0	\$23,597		\$23,597
93300 Gas	\$6,449	\$0	\$0	\$6,449		\$6,449
93400 Fuel	\$0	\$0	\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0	\$0		\$0
93600 Sewer	\$26,848	\$0	\$0	\$26,848		\$26,848
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0		\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0		\$0
93000 Total Utilities	\$72,284	\$3,675	\$0	\$75,959	\$0	\$75,959
94100 Ordinary Maintenance and Operations - Labor	\$53,409	\$13,980	\$0	\$67,389		\$67,389
94200 Ordinary Maintenance and Operations - Materials and Other	\$104,558	\$13,096	\$860	\$118,514		\$118,514
94300 Ordinary Maintenance and Operations Contracts	\$42,633	\$33,789	\$0	\$76,422		\$76,422
94500 Employee Benefit Contributions - Ordinary Maintenance	\$24,407	\$4,533	\$0	\$28,940		\$28,940
94000 Total Maintenance	\$225,007	\$65,398	\$860	\$291,265	\$0	\$291,265
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	\$38,905	\$16,937	\$0	\$55,842		\$55,842
96120 Liability Insurance	\$3,396	\$0	\$0	\$3,396		\$3,396
96130 Workmen's Compensation	\$0	\$0	\$0	\$0		\$0
96140 All Other Insurance	\$3,432	\$1,337	\$684	\$5,453		\$5,453
96100 Total insurance Premiums	\$45,733	\$18,274	\$684	\$64,691	\$0	\$64,691
96200 Other General Expenses	\$0	\$0	\$0	\$0		\$0
96210 Compensated Absences	\$0	\$0	\$0	\$0		\$0
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0		\$0
96400 Bad debt - Tenant Rents	\$9,623	\$3,502	\$0	\$13,125		\$13,125
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	\$9,623	\$3,502	\$0	\$13,125	\$0	\$13,125
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	\$575,221	\$133,525	\$74,511	\$783,257	\$0	\$783,257
97000 Excess of Operating Revenue over Operating Expenses	\$176,532	\$54,573	\$580,148	\$811,253	\$0	\$811,253

FINANCIAL DATA SCHEDULE

97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0	\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$0	\$591,820	\$591,820		\$591,820
97350 HAP Portability-In	\$0	\$0	\$0	\$0		\$0
97400 Depreciation Expense	\$223,936	\$29,580	\$105	\$253,621		\$253,621
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	\$799,157	\$163,105	\$666,436	\$1,628,698	\$0	\$1,628,698
10010 Operating Transfer In	\$4,141	\$0	\$0	\$4,141	-\$4,141	\$0
10020 Operating transfer Out	-\$4,141	\$0	\$0	-\$4,141	\$4,141	\$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	-\$47,404	\$24,993	-\$11,777	-\$34,188	\$0	-\$34,188
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$3,520,249	\$2,471,100	-\$88,392	\$5,902,957		\$5,902,957
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0			\$0		\$0
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	\$0		-\$100,169	-\$100,169		-\$100,169
11180 Housing Assistance Payments Equity			\$0	\$0		\$0
11190 Unit Months Available	1642	240	2020	3902		3902
11210 Number of Unit Months Leased	1624	240	2061	3925		3925
11270 Excess Cash	\$193,206			\$193,206		\$193,206
11610 Land Purchases	\$0			\$0		\$0
11620 Building Purchases	\$71,180			\$71,180		\$71,180
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0		\$0
11650 Leasehold Improvements Purchases	\$14,548			\$14,548		\$14,548
11660 Infrastructure Purchases	\$0			\$0		\$0
13510 CFFP Debt Service Payments	\$0			\$0		\$0
13901 Replacement Housing Factor Funds	\$0			\$0		\$0