

Housing Authority of the City of Idabel
Idabel, Oklahoma
Financial Statements
As of June 30, 2019
Together with Auditor's Report

Housing Authority of the City of Idabel

Idabel, Oklahoma

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Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Idabel
Idabel, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Idabel, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Idabel's basic financial statements as listed in the table of contents.

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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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. 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 entity'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 entity'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.

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

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 Idabel, Oklahoma, as of June 30, 2019, 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 Discussion & Analysis on page 4, Schedule of the Authority's Proportionate Share of the Net Pension Liability on page 30, Schedule of the Authority Contributions on pages 31, as listed on 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 opinions on the financial statements that collectively comprise the Housing Authority of the City of Idabel's basic financial statements. The accompanying Financial Data Schedule, and Statements of Modernization Costs, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Financial Data Schedule, Statements of Modernization Costs are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the reports listed in this paragraph are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2020, on our consideration of the Housing Authority of the City of Idabel'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 accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Idabel's internal control over financial reporting and compliance.

Urlaub & Co., PLLC

Urlaub & Co., PLLC

Ada, Oklahoma

March 25, 2020

Housing Authority of the City of Idabel, Oklahoma
Management's Discussion and Analysis (MD & A)
June 30, 2019

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.

Our discussion and analysis of the Housing Authority of the City of Idabel, Oklahoma financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended June 30, 2019 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 indication.

Financial Highlights

The Housing Authority's total assets changed during the year. Total assets decreased from \$5,130,051 to \$4,876,025. The reason for the decrease is primarily due to the net operating loss sustained in the current fiscal year. Current assets decreased by \$(82,734).

The Housing Authority's total revenue decreased in 2019 by \$78,159 from \$1,101,166 in 2018 to \$1,023,077 in 2019. The majority of the decrease in revenues was due to reduced activities in the Capital Grant Programs.

Total operating expenses for the year ended June 30, 2019 were \$1,230,673 as compared to expenses of \$1,253,403 for the year ended June 30, 2018. This represents a decrease of \$22,730 from the prior year.

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. This annual report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The Housing Authority's financial statements are presented as fund level financial statements because the Housing Authority only has proprietary funds.

Housing Authority of the City of Idabel, Oklahoma
Management's Discussion and Analysis (MD & A)
June 30, 2019

The financial statements of the Housing Authority report information of the Housing Authority 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 all the Housing Authority's assets and liabilities and 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 the capital structure of the Housing Authority 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 Position. This statement measures the success of the Housing Authority's 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 operation, 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. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2019.

Financial Analysis

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

The Housing Authority accounts for its public housing activities in two related programs. The Housing Authority has a low rent and a capital fund program that the Housing Authority uses for improvements to its low rent property. Our analysis below focuses on the net position and the change in net position of the Housing Authority as a whole and not the individual programs.

Housing Authority of the City of Idabel, Oklahoma
Management's Discussion and Analysis (MD & A)
 June 30, 2019

Statement of Net Position
June 30, 2018, and 2019

| <u>Category</u> | FYE 2019 | FYE 2018 | Change \$ | Change % |
|----------------------------------|-----------|-----------|-----------|----------|
| Current Assets | 709,047 | 791,781 | (82,734) | -10% |
| Non-Current Assets | 4,166,978 | 4,338,270 | (171,292) | -4% |
| Total Assets | 4,876,025 | 5,130,051 | (254,026) | -5% |
| Deferred Outflow of Resources | 53,860 | 74,123 | (20,263) | -27% |
| Current Liabilities | 64,179 | 90,517 | (26,338) | -42% |
| Non-Current Liabilities | 35,324 | 82,494 | (47,170) | -57% |
| Total Liabilities | 99,503 | 173,011 | (73,508) | -42% |
| Deferred Inflow of Resources | 23,439 | 16,554 | 6,885 | 42% |
| Unrestricted | 641,707 | 676,339 | (34,632) | -4% |
| Net Investment in Capital Assets | 4,165,236 | 4,338,270 | (173,034) | -4% |
| Total Net Position | 4,806,943 | 5,014,609 | (207,666) | -4% |

The unrestricted net position decreased from \$676,339 to \$641,707 for the year end June 30, 2019, a net difference of \$(34,632). This was due to net operating loss (excluding depreciation) incurred during the current fiscal year.

Current assets decreased by \$82,734 from the previous year due again to the net operating loss incurred during the current fiscal year. The majority of decrease can be noted in the accounts receivable category. A receivable from HUD was reported in the previous year related to the CFP Program.

Current liabilities decreased by \$26,338 from the 2018 balance due to the payment of accrued PILOT costs. The PILOT liability decreased by \$22,381 from the previous year balance.

Housing Authority of the City of Idabel, Oklahoma
Management's Discussion and Analysis (MD & A)
 June 30, 2019

Statement of Changes in Net Position
For the Year Ended June 30, 2018 and 2019

| <u>Category</u> | FYE 2019 | FYE 2018 | Change \$ | Change % |
|---------------------------------|------------------|------------------|------------------|-----------------|
| Tenant Revenue | 310,299 | 332,233 | (21,934) | -7% |
| Operating Grants | 479,860 | 460,762 | 19,098 | 4% |
| Interest Income | 2,796 | 68 | 2,728 | 4012% |
| Capital Grants | 190,213 | 302,974 | (112,761) | -37% |
| Other Revenue | 39,839 | 5,129 | 34,710 | 677% |
| Total Revenue | 1,023,007 | 1,101,166 | (78,159) | -7% |
| Administration | 217,581 | 240,706 | (23,125) | -10% |
| Utilities | 80,906 | 83,407 | (2,501) | -3% |
| Ordinary Maintenance | 369,978 | 429,499 | (59,521) | -14% |
| Protective Services | 150 | 1,621 | (1,471) | -91% |
| General Expense | 177,639 | 160,724 | 16,915 | 11% |
| Nonroutine Maint. | 13,937 | 9,200 | 4,737 | N/A |
| Depreciation | 370,482 | 328,246 | 42,236 | 13% |
| Total Expenses | 1,230,673 | 1,253,403 | (22,730) | -2% |
| Excess of Revenue over Expenses | (207,666) | (152,237) | (55,429) | 36% |
| Change in Net Position | (207,666) | (152,237) | (55,429) | 36% |
| Net Position, Beginning of Year | 5,014,609 | 5,169,745 | (155,136) | -3% |
| Prior Period Adjustment | | (2,899) | 2,899 | N/A |
| Net Position, End of Year | 4,806,943 | 5,014,609 | (207,666) | -4% |

Total revenues of the Housing Authority decreased by \$78,159 in the fiscal year 2019. The major reason for the decrease in revenues was due to the reduced CFP activity.

Total operating expenses for the year ended June 30, 2019 were \$1,230,673 as compared to expenses of \$1,253,403 for the year ended June 30, 2018, a net decrease of \$22,730. The majority of the decreases related to administration and ordinary maintenance. Employee benefits related to administration decreased by \$22,640, with a significant amount related to the pension expense information provided by the Oklahoma Public Employees Retirement System (OPERS). Major decreases in maintenance included a reduction of unit turnaround costs of \$36,589, and janitorial contracts of \$19,449.

Housing Authority of the City of Idabel, Oklahoma
Management's Discussion and Analysis (MD & A)
June 30, 2019

Capital Assets

At June 30, 2019, the Housing Authority had \$4,165,236 invested in capital assets. This amount represents a net decrease of \$173,034 from the 2018 balance.

**Capital Assets at Year-end
(Net of Accumulated Depreciation)**

| <u>Category</u> | FYE 2019 | FYE 2018 | Change \$ | Change % |
|--------------------------|-------------|-------------|-----------|----------|
| Land | 62,440 | 62,440 | - | 0% |
| Buildings | 11,360,052 | 10,946,257 | 413,795 | 4% |
| Equipment | 280,077 | 274,536 | 5,541 | 2% |
| Accumulated Depreciation | (7,789,174) | (7,418,693) | (370,481) | 5% |
| Construction in Progress | 251,841 | 473,730 | (221,889) | -47% |
| Total Net Capital Assets | 4,165,236 | 4,338,270 | (173,034) | -4% |

Economic Factors

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by the federal budget than by local economic conditions. The funding of other programs could be affected by the 2020 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 the Housing Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Dana Logan, Executive Director, at the Housing Authority of the City of Idabel, Oklahoma, 901 Lyndon Rd., Idabel, Oklahoma 74745, telephone number (580) 286-9444.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Statement of Net Position-Proprietary Fund Type
 June 30, 2019

ASSETS

Current Assets:

| | | |
|---|----|---------|
| Cash and Cash Equivalents-Unrestricted | \$ | 630,172 |
| Cash-Restricted | | 26,713 |
| Receivables, Net of Allowances | | 785 |
| Investments | | 25,907 |
| Maintenance Inventories, Net of Allowance | | 12,647 |
| Prepaid Expenses | | 12,823 |
| Total Current Assets | | 709,047 |

Noncurrent Assets:

| | | |
|---|--|-----------|
| Capital Assets | | |
| Land & Construction in Progress | | 314,279 |
| Other Capital Assets, Net of Depreciation | | 3,850,957 |
| Total Capital Assets | | 4,165,236 |
| Other Noncurrent Assets | | |
| Other Assets | | 1,742 |
| Total Other Noncurrent Assets | | 1,742 |
| Total Noncurrent Assets | | 4,166,978 |
| Total Assets | | 4,876,025 |

DEFERRED OUTFLOW OF RESOURCES

| | | |
|-------------------------------|--|--------|
| Deferred Outflow of Resources | | 53,860 |
|-------------------------------|--|--------|

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Statement of Net Position-Proprietary Fund Type-Cont.
 June 30, 2019

LIABILITIES

Current Liabilities:

| | | |
|----------------------------------|----|--------|
| Accounts Payable | \$ | 3,448 |
| Wages/Payroll Taxes Payable | | 8,870 |
| Accrued Employee Leave - Current | | 1,007 |
| Intergovernmental Payables | | 22,638 |
| Tenant Security Deposits | | 26,713 |
| Unearned Income | | 1,503 |
| Total Current Liabilities | | 64,179 |

Noncurrent Liabilities:

| | | |
|-------------------------------------|--|--------|
| Accrued Employee Leave - Noncurrent | | 9,066 |
| Net Pension & OPEB Obligation | | 26,258 |
| Total Noncurrent Liabilities | | 35,324 |
| Total Liabilities | | 99,503 |

DEFERRED INFLOW OF RESOURCES

| | | |
|------------------------------|--|--------|
| Deferred Inflow of Resources | | 23,439 |
| | | 23,439 |

NET POSITION

| | | |
|----------------------------------|----|-----------|
| Investment in Net Capital Assets | | 4,165,236 |
| Unrestricted | | 641,707 |
| | | 641,707 |
| Total Net Position | \$ | 4,806,943 |

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Statement of Revenues, Expenses, and Changes in Fund Net Position-
 Proprietary Fund Type
 For the Year Ended June 30, 2019

| | |
|--|----------------------------|
| <i>OPERATING REVENUES</i> | |
| Tenant Revenue | \$ 310,299 |
| HUD Operating Grants | 479,860 |
| Other Revenue | <u>39,839</u> |
| Total Operating Revenues | <u>829,998</u> |
| <i>OPERATING EXPENSES</i> | |
| Administrative | 217,581 |
| Utilities | 80,906 |
| Maintenance | 369,978 |
| Protective Services | 150 |
| General | 177,639 |
| Nonroutine Maintenance | 13,937 |
| Depreciation | <u>370,482</u> |
| Total Operating Expenses | <u>1,230,673</u> |
| Net Operating Income (Loss) | <u>(400,675)</u> |
| <i>NONOPERATING REVENUES (EXPENSES)</i> | |
| Interest Income | <u>2,796</u> |
| Net Nonoperating Revenues (Expenses) | <u>2,796</u> |
| Income (Loss) Before Contributions | (397,879) |
| Capital Contributions | <u>190,213</u> |
| Change in Net Position | (207,666) |
| Total Net Position-Beginning of Year | <u>5,014,609</u> |
| Total Net Position-End of Year | <u><u>\$ 4,806,943</u></u> |

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Statement of Cash Flows-Proprietary Fund Type
 For the Year Ended June 30, 2019

| | |
|---|-------------------|
| <i>CASH FLOWS FROM OPERATING ACTIVITIES:</i> | |
| Cash Received from Grantor | \$ 479,860 |
| Cash Received from Tenants | 313,808 |
| Cash Received from Misc. Sources | 39,839 |
| Cash Payments to Intergovernmental Payables | (45,019) |
| Cash Payments to Employees for Services | (299,708) |
| Cash Payments to Vendors | <u>(542,376)</u> |
| Net Cash Provided/(Used) by Operating Activities | <u>(53,596)</u> |
| <i>CASH FLOWS FROM INVESTING ACTIVITIES</i> | |
| Purchase of Investments | (314) |
| Interest Received | <u>2,816</u> |
| Net Cash Provided/(Used) by Investing Activities | <u>2,502</u> |
| <i>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i> | |
| Capital Grant Funding Received from HUD | 240,345 |
| Property and Equipment Purchased | <u>(197,447)</u> |
| Net Cash Provided/(Used) by Capital and Related Financing Activities | <u>42,898</u> |
| Net Increase (Decrease) in Cash | (8,196) |
| Cash and Cash Equivalent-Beginning of Year | <u>665,081</u> |
| Cash and Cash Equivalent-End of Year | <u>656,885</u> |
| Reconciliation to Cash Accounts | |
| Cash Equivalents-Unrestricted | 630,172 |
| Restricted Cash | <u>26,713</u> |
| Total Cash Equivalents | <u>\$ 656,885</u> |

The notes to the financial statements are an integral part of this statement

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Statement of Cash Flows-Proprietary Fund Type-Cont.
 For the Year Ended June 30, 2019

***RECONCILIATION OF NET OPERATING INCOME TO CASH
 PROVIDED/(USED) BY OPERATING ACTIVITIES:***

| | |
|--|--------------|
| Net Operating Income (Loss) | \$ (400,675) |
| Adjustments to Reconcile Net Operating Income to Net Cash Provided/ Used by Operating Activities: | |
| Depreciation | 370,482 |
| Decrease in Accounts Rec - Operations | 2,156 |
| Increase in Maintenance Inventories | (2,111) |
| Decrease in Prepaid Expenses | 24,654 |
| Decrease in Operating Accounts Payable | (5,606) |
| Increase in Wages/Payroll Taxes Payable | 209 |
| Decrease in Unearned Revenue | (402) |
| Increase in Accrued Leave | 884 |
| Increase in Tenant Security Deposits | 1,754 |
| Decrease in Intergovernmental Payables | (22,381) |
| Increase in Other Asset | (1,742) |
| Decrease in Net Pension Obligation | (47,966) |
| Increase in Deferred Inflow of Resources | 6,885 |
| Decrease in Deferred Outflow of Resources | 20,263 |
| Net Cash Used by Operating Activities | \$ (53,596) |

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Idabel
Idabel, Oklahoma
Notes to the Basic Financial Statements
June 30, 2019

Note 1 Reporting Entity

The Housing Authority of the City of Idabel was created for the purpose of administering Public Housing Programs authorized by the United States Housing Act of 1937. The Department of Housing and Urban Development has direct responsibility for the administering of low-income housing programs. The Housing Authority has entered into an annual contribution contract with the Department of Housing and Urban Development for the funding of these programs through annual contributions and subsidies.

The Housing Authority's basic financial statements include all organizations, activities, and functions that comprise the Housing Authority. Component units are legally separate entities for which the Housing Authority is financially accountable. The decision to include a component unit in the reporting entity is defined by applying the criteria identified by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity," as amended by GASB 61, "The Financial Reporting Entity: Omnibus."

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Board of Commissioners of the Housing Authority or the component unit provides services entirely to the Housing Authority. These component units are blended into those of the Housing Authority by appropriate activity type to compose the primary government presentation. As of June 30, 2019, management has determined that no component units are required to be reported.

The following programs are administered by the Housing Authority:

Public Housing Program-

This program consists of 198 public housing units. Under this program, HUD provides funding through an annual contribution contract. These funds, along with dwelling rental income received from the tenants, are used to maintain the dwelling units.

Capital Fund Program-

The purpose of this program is to provide funding for the modernization and improvement of the Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Local Fund

A Local Fund has been established to account for ineligible costs previously paid and owed back to the Public Housing Program.

Housing Authority of the City of Idabel
Idabel, Oklahoma
Notes to the Basic Financial Statements-Cont.
June 30, 2019

Note 2 Summary of Significant Accounting Policies

A. Basis of Accounting

The Housing Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

A Statement of Net Position provides information about the assets, liabilities, and net position of the Authority at the end of the year. Assets and liabilities are classified as current, non-current, or other assets. Net position is classified according to availability of assets to satisfy the Authority's obligations. Investment in Net Capital Assets represents that value of capital assets, net of accumulated depreciation, less any outstanding debt incurred to acquire or construct the assets. Restricted Component of Net Position represents resources that have been externally restricted for specific purposes. Unrestricted Component of Net Position includes all other net position, including those that have been designated by management to be used for other than general operating purposes.

A Statement of Revenues, Expenses and Changes in Net Position provides information about the Authority's financial activities during the year. Revenues and expenses are classified as either operating or non-operating, and all changes in net position are reported, including capital contributions. Operating revenues and expenses generally result from providing which is objective. Accordingly, revenue such as dwelling rent, operating grants and subsidies from HUD, and other tenant charges are considered to be operating revenues. Other revenues, such as interest income and capital contributions provided for building improvement projects or equipment purchases, are considered to be non-operating revenues. Operating expenses include: administrative, maintenance, utilities, tenant services, depreciation on capital assets, and other general expenses.

A Statement of Cash Flow provides information about the Authority's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either, operating activities, non-capital financing, capital financing, or investing.

The Housing Authority uses a single enterprise fund to maintain its financial records on an accrual basis. The Housing Authority's individual programs are accounted for in self-balancing accounts to account for specific resources allocated to them for the purpose of carrying on programs requirements. The individual programs of the Housing Authority are considered to be a single Proprietary Fund Type.

The enterprise method is used to account for those operations that are financed and operated in a manner similar to private business, or where the board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Housing Authority of the City of Idabel
Idabel, Oklahoma
Notes to the Basic Financial Statements-Cont.
June 30, 2019

The enterprise fund is accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the Housing Authority are included on the Statement of Net Position.

The accounting and reporting policies of the Housing Authority relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (FASB) when applicable.

B. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. Cash equivalents are carried at fair value. Investments with an initial maturity of more than three months are reported as investments.

The Housing Authority is authorized to invest in financial instruments that have been HUD approved. Generally, these financial instruments consist of direct obligations of the Federal Government, obligations of Federal Government agencies, demand and savings accounts, and Certificates of Deposits. Types and amounts of investments held at fiscal year-end are described in a subsequent note on investments.

C. Receivables

Tenant Accounts Receivable consists primarily of tenant charges, including dwelling rents, and other tenant charges earned at the end of the year.

D. Inventory

The Housing Authority's inventory balances consist of expendable supplies held for consumption. The inventory is valued at cost. The Housing Authority uses the first-in, first-out basis in determination of cost.

Housing Authority of the City of Idabel
Idabel, Oklahoma
Notes to Basic Financial Statements-Cont.
June 30, 2019

E. Fixed Assets

Fixed assets owned by the Housing Authority are recorded at cost or, in contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as expensed; renewals and betterments are capitalized. The policy of the Housing Authority is to capitalize all assets with a cost in excess of \$5,000. The exception is ranges and refrigerators which are capitalized regardless of cost. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

| | |
|-----------------------|-------------|
| Buildings | 20-40 Years |
| Building Improvements | 15-20 Years |
| Furniture & Equipment | 3-10 Years |

F. Restricted Assets

Restricted assets consist of tenant security deposits maintain under the Low Rent Housing Program.

G. Compensated Absences

The Housing Authority of the City of Idabel allows its full-time employees to carry over up to 40 hours of earned annual leave per calendar year, and such leave is fully vested when earned. Unused leave will be paid upon the termination of an employee.

H. Equity Classifications

Equity is classified as net position and displayed in three components.

Investment in Net Capital Assets – Consists of capital assets net of accumulated depreciation and reduced by any outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Component of Net Position - consists of assets that are restricted by limitations placed on these assets by an external source or party.

Unrestricted Component of Net Position – All other net position that does not meet the definition, of “restricted” or “investment in net capital assets”.

I. Determination of Use of Net Position Balances

When the Housing Authority incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position will have to be returned due to funds not being utilized. Restricted net position is those assets which have been restricted by an outside party.

Housing Authority of the City of Idabel

Idabel, Oklahoma

Notes to Basic Financial Statements-Cont.

June 30, 2019

J. Revenue Recognition

The Proprietary Fund Type is accounted for an economical resources measurement focus using the accrual basis of accounting. Revenues are recognized when earned. Grant revenue is recognized when program expenditures are incurred and/or program funding is approved, depending on the requirements of the individual program type. Proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority's enterprise fund are charges to tenants for rent and operating subsidies from HUD. Operating expenses for the enterprise fund include the costs of maintaining the facilities. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

K. Income Tax

The Housing Authority is a governmental subdivision of the City of Idabel and is exempt from Federal and State income taxes. Therefore, no provision for income taxes has been made in the accompanying financial statements.

L. Budget Policy and Practice

An annual Operating Budget is prepared and submitted to the Board of Commissioners for approval. A budget revision is prepared and approved prior to year-end to account for significant differences throughout the year that would reflect deviations from the original budget.

M. Interfund Transfers

During the course of operations, the Housing Authority's operations have utilized a centralized revolving account to record disbursements for the individual programs. These receivable and payable balances have been eliminated in the preparation of the basic financial statements. In addition, offsetting inter-program operating transfers between individual programs have been eliminated in the preparation of the financial statements.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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Idabel, Oklahoma
Notes to Basic Financial Statements-Cont.
June 30, 2019

O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The PHA has two items that qualifies for reporting in this category. These items include the participation in the State of Oklahoma's Public Employees Retirement System and the corresponding share of collective other postemployment benefits associated with the plan.

Note 3 Cash and Investments

The Housing Authority's policies regarding cash and investment balances are discussed in Note 2.B. The composition of the Housing Authority's cash, cash equivalents and investments on June 30, 2019, was as follows:

| | |
|---|-------------------|
| Cash on hand, deposits in banks, savings deposits | \$ 656,885 |
| U.S. certificates of deposit | <u>25,907</u> |
| Total Deposits | <u>\$ 682,792</u> |

Custodial credit risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investment. The Housing Authority's bank balances in the amount of \$693,288 were secured through federal depository insurance or collateralized securities at June 30, 2019. The investment balances of \$25,907 were also secured through federal depository insurance or collateralized securities at June 30, 2019. The Housing Authority had no custodial credit risk for its investments as of June 30, 2019.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy minimizes the risk by staggering the maturity dates of its investments as well as limiting terms to one year.

Credit risk

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments are concentrated to one primary financial institution. The concentration of credit risk is reduced by investing in secured certificates of deposit.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

Note 4 Restricted Cash and Investments

Restricted assets consisted of the following:

| | |
|--------------------------|------------------|
| Tenant Security Deposits | \$ <u>26,713</u> |
| Total Restricted Cash | \$ <u>26,713</u> |

Note 5 Accounts Receivable

A summary of accounts receivable at June 30, 2019 is as follows:

| | |
|---|----------------|
| Low Rent Housing Program: | |
| Accounts Receivable – Tenants | \$ 4,065 |
| Allowance for Doubtful Accounts – Tenants | <u>(3,280)</u> |
| Total Accounts Receivable | <u>\$ 785</u> |

Note 6 Fixed Assets

A summary of capital assets at June 30, 2019 by class is as follows:

| | Balance at 06/30/18 | Additions | Retire./ Transfers | Balance at 06/30/19 |
|--|------------------------|-------------------|-----------------------|------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 62,440 | \$ - | \$ - | \$ 62,440 |
| Construction in Progress | <u>473,730</u> | <u>191,906</u> | <u>413,797</u> | <u>251,839</u> |
| Total capital assets not being depreciated | <u>536,170</u> | <u>191,906</u> | <u>413,797</u> | <u>314,279</u> |
| Capital assets being depreciated | | | | |
| Buildings and Improvements | 10,946,257 | 413,797 | - | 11,360,054 |
| Furniture and Equipment | <u>274,536</u> | <u>5,541</u> | <u>-</u> | <u>280,077</u> |
| Total capital assets, being depreciated | <u>11,220,793</u> | <u>419,338</u> | <u>-</u> | <u>11,640,131</u> |
| Less Accumulated depreciation for: | | | | |
| Buildings and Improvements | 7,178,716 | 362,565 | - | 7,541,281 |
| Furniture and Equipment | <u>239,977</u> | <u>7,916</u> | <u>-</u> | <u>247,893</u> |
| Total Accumulated Depreciation | <u>7,418,693</u> | <u>370,481</u> | <u>-</u> | <u>7,789,174</u> |
| Total capital assets, being depreciated, net | <u>3,802,100</u> | <u>48,857</u> | <u>-</u> | <u>3,850,957</u> |
| Net Capital Assets | <u>\$ 4,338,270</u> | <u>\$ 240,763</u> | <u>\$ 413,797</u> | <u>\$ 4,165,236</u> |

Depreciation expense is \$370,482 for the current year.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

Note 11 Unearned Income

The unearned income balance of \$1,503 consists of the following items:

| Item | Balance |
|----------------------|----------|
| Tenant Prepaid Rents | \$ 1,503 |
| Total | \$ 1,503 |

Note 12 Pension Plan – Oklahoma Public Employees Retirement System

Plan Description: Substantially all of the Authority’s full-time employees participate in a public employee retirement system authorized under the Oklahoma Statutes Title 74, Section 901 – 932, and 935. The Oklahoma Public Employees Retirement System (OPERS) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of living adjustments to plan members and beneficiaries. OPERS issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by accessing the OPERS website at <http://www.opers.ok.gov>.

For members that enrolled after November 1, 2011, benefits can be provided upon reaching the age of 65 with six full years of employment; or when turning the age of 60 years and the sum of years of service equals 90.

Benefits provided: OPERS provides retirement, disability, and death benefits. Retirement benefits are determined based on date before becoming a member. For members that enrolled before November 1, 2011, benefits can be provided for employees with an age of 62 with six full years of employment; or, 80 points, calculated from the sum of your age and years of service; or 90 points for members that are at least 60 years of age and years of service.

Contributions: The contribution requirements of plan members and the Authority are established by the Authority. The requirements may be amended by acts of the legislature. Employees are required to contribute 5.5 percent of their annual pay. The Authority’s contractually required contribution rate for the year ended June 30, 2019 was 14.5 percent of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were \$55,974 for the year ended June 30, 2019, consisting of employer portion of \$40,581 and employee portion of \$15,392.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Authority reported a liability of \$72,684 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities as, actuarially determined. At June 30, 2018, the Authority's proportion was 0.01346284 percent.

For the year ended June 30, 2019, the Authority recognized pension expense of \$18,596. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Item | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual earnings on pension plan investments | \$ ----- | \$ 14,789 |
| Changes of Assumptions | \$ 11,292 | ----- |
| Net difference between expected and actual experience | ----- | \$ 4,295 |
| Authority contributions subsequent to the measurement date | \$ 41,547 | ----- |
| Total | \$ 52,839 | \$ 19,084 |

The amount of \$41,547 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation, prepared as of July 1, 2016 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|---|
| Investment rate of return | 7.0% annual rate, net of investment expense |
| Payroll growth | 3.5% annual rate |
| Projected salary increases | 3.5% to 9.5% annual rate |
| Inflation | 2.75% annual rate |

The mortality rates used the RP-2014 Mortality Table projected to 2025 by Scale MP-2016 (disabled pensioners set forward 12 years). No increases were noted for annual post-retirement benefit increases.

The long-term expected rate of return on pension plan investments was determined using A log-normal distributional analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of geometric real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

| Asset Class | Target Allocation |
|-----------------------|-------------------|
| U.S. Large Cap Equity | 38.0% |
| U.S. Small Cap Equity | 6.0% |
| U.S. Fixed Income | 25.0% |
| International Stock | 18.0% |
| Emerging Market Stock | 6.0% |
| TIPS | 3.5% |
| Rate Anticipation | 3.5% |
| Total | 100.0% |

Discount rate. The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from System members and the employers will be made at the current contribution rate as set out in State statute. Based on those assumptions, the pension plan's fiduciary net position was projected through 2114 to be available to make all projected future benefit payments of current system members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determined does not use a municipal bond rate.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability using the discount rate of 7.0% as well as what the employers’ liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|--------------------------------|--|--------------------------------|
| Authority’s proportionate share of the net pension liability | \$168,479 | \$26,258 | \$(94,266) |

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

Funding Policy: Plan members are required to contribute 5.5% of their gross salary. The Authority is required to contribute 14.5% of the gross covered salary. The contribution requirements of plan members and the Authority are established by State statute. The Authority’s contributions to OPERS for the fiscal years ending June 30, 2019, 2018 and 2017 were \$40,581, \$34,786, and \$34,793, respectively, which equal the amount of the required contributions for each fiscal year.

Note 13 Other Post-Employment Benefits

In addition to the retirement plan described in Note 12, the Authority provides a Health Insurance Subsidy Plan to eligible retirees. The Authority participates in a multiple-employer, cost-sharing public employee retirement plan, which is a defined benefit pension plan. As part of this plan, a health insurance premium subsidy is provided to those who elect to maintain health insurance with the Oklahoma Employees Group Insurance Division (EGID) or other qualified insurance plan provided. This subsidy continues until the retiree terminates health insurance coverage, or until death.

Benefits:

Benefits are determined at 2% of the average annual salary received during the highest thirty-six months of the last ten years of participating service, but not to exceed the applicable salary cap, multiplied by the number of years of credited service. Members who join OPERS on or after July 1, 2013, will have their salary averaged over the highest 60 months of the last ten years. Normal retirement age under the System is 62 or Rule of 80/90 if the participant became a member prior to November 1, 2011, or age 65 or Rule of 90 if the participant became a member on or after November 1, 2011.

Members who elect to pay the additional contribution rate, which became available in January 2004, will receive benefits using a 2.5% computation factor for each full year the additional contributions are made. In 2004, legislation was enacted to provide an increased benefit to retiring members who were not yet eligible for Medicare. The Medicare Gap benefit option

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

became available to members under age 65 who retired on or after May 1, 2006. Members may elect to receive a temporary increased benefit to cover the cost of health insurance premiums until the member is eligible to receive Medicare. After the member becomes eligible for Medicare, the retirement benefit will be permanently reduced by an actuarially determined amount. The option is irrevocable, must be chosen prior to retirement, and is structured to have a neutral actuarial cost to the System.

Members become eligible to vest fully upon termination of employment after attaining eight years of credited service, or the members' contributions may be withdrawn upon termination of employment.

Membership

As of June 30 2018, participants consisted of:

| | |
|--|--------|
| Inactive members or their beneficiaries currently receiving benefits | 35,260 |
| Inactive members entitled to but not yet receiving benefits | 6,024 |
| Active Members | 36,329 |
| Total | 77,613 |

Funding Policy

The contribution rates are established by the Oklahoma Legislature after recommendation by the Board based on actuarial calculation, which is performed to determine the adequacy of such contribution rates.

For the calendar year 2018 and 2019, contributions totaled 20% of salary composed of a minimum employee contribution rate of 5.5% for the employee and 14.5% for the Authority's portion.

Members have the option to elect to increase the benefit computation factor for all future service from 2.0% to 2.5%. The election is irrevocable, binding for all future employment under OPERS, and applies only to full years of service.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

Net OPEB Obligation

The OPEB liability was calculated from an actuarial valuation as of July 1, 2018 (measurement date). The net OPEB liability is the portion of the actuarial present value of projected benefit payments related to past periods. The net OPEB liability for the Authority is based on the calculated percentage of the Authority's allocation as compared to the total allocations.

| | Total Plan | Authority Portion |
|---|------------------------|----------------------|
| Net OPEB liability - Beginning July 1, 2017 | \$ 11,454,016 | \$ 1,542 |
| Total OPEB expense | 2,297,616 | 309 |
| Change in deferred outflows of resources | (1,743,769) | (235) |
| Change in deferred inflows of resources | (5,868,823) | (790) |
| OPEB plan employer contributions | (19,080,000) | (2,569) |
| Net OPEB liability - Ending June 30, 2018 | <u>\$ (12,940,960)</u> | <u>\$ (1,742)</u> |

Funded Status

The funding status of the Plan was as follows:

| | |
|---|----------------|
| Total OPEB Liability | \$ 328,143,546 |
| Fiduciary Net Position | 341,084,506 |
| Net OPEB Liability (Asset) | (12,940,960) |
| Ratio of Fiduciary Net Position to total OPEB Liability | 103.94% |

Actuarial Methods and Assumptions

The following information was used regarding the actuarial assumptions and other inputs used to measure the total OPEB liability. The total OPEB liability as of June 30, 2018 was determined based on an actuarial valuation prepared as of July 1, 2018, using the following actuarial assumptions and other inputs:

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

| Item | Assumption |
|--|---|
| Price Inflation | 2.75% |
| Salary increases, including price inflation | 3.5% to 9.5% |
| Long-term rate of return, net of investment expense, including price inflation | 7% |
| Municipal bond index rate | |
| Prior measurement date | 3.01% |
| Measurement date | 3.56% |
| Single equivalent interest rate, net of plan investment expense, including price inflation | |
| Measurement date | 7.00% |
| Mortality Rates | Pre-retirement mortality rates were based on the RP-2014 Blue Collar Active Healthy Mortality Table with base rates projected to 2025 using Scale MP-2016 |

Note 14 Risk Management

The Housing Authority is exposed to various risks of loss related to torts; damage to; and theft or destruction of assets; errors and omissions; injuries to employees and natural disaster. The Housing Authority manages these various risks of loss as follows:

| <u>Type of Loss</u> | <u>Method Managed</u> |
|---------------------------|--|
| a. Employee Dishonesty | Purchased insurance with Housing Authority Risk Retention |
| b. Physical Property Loss | Purchased insurance with Housing Authority Insurance Services, Inc. |
| c. Liability | Purchased insurance with Housing Authority Risk Retention |
| d. Worker's Compensation | Purchased insurance with Comp Source of Oklahoma |
| e. Automobile Liability | Purchased insurance with Traveler's Property Casualty Company of America |

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Notes to Basic Financial Statements-Cont.
 June 30, 2019

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage except for deductibles.

Note 15 Commitments and Contingencies

Contingencies

The Authority participates in grant programs which are governed by various rules and regulations of grantor agencies and therefore subject to their review and audits. Such audits could lead to a request for reimbursement to the agency for ineligible expenditures.

Grant Commitments

The Authority had the following grant commitments in progress at June 30, 2019. These grants are summarized as follows:

| | <u>Grant</u> | <u>Grant</u> | <u>Expend. thru</u> |
|-----------------------------|---------------|--------------|----------------------|
| | <u>501-17</u> | <u>Award</u> | <u>June 30, 2019</u> |
| Capital Fund Program 501-17 | 229,141 | | 229,141 |
| Capital Fund Program 501-18 | 355,709 | | 21,417 |
| Capital Fund Program 501-19 | 367,180 | | ---- |

Subsequent Contracts

Subsequent to the fiscal year end, the Authority entered into a contract in the amount of \$178,680 for rehab work to be performed at site 1. In addition, the Authority entered into a second contract in the amount of \$126,500 for a bathroom renovation project at site 4. Both of the contracts are to be funded from the 2018 Capital Fund Program.

Note 16 Economic Dependency

The Housing Authority is economically dependent on annual contributions and grants received from HUD. The extent of this funding from HUD depends upon appropriations from the federal level.

Note 17 Subsequent Events

Management has evaluated subsequent events through March 25, 2020, the date that the financial statements were available to be issued. Management has determined no events or transactions have occurred subsequent to the balance sheet date that require disclosure in the financial statements.

Housing Authority of the City of Idabel

Idabel, Oklahoma

Schedule of the Authority's Proportionate Share of the Net Pension Liability (RSI)

Oklahoma Public Employee Retirement System

Last 10 Fiscal Years *

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-------------|-------------|-------------|-------------|------------|------|------|------|------|------|
| Authority's proportion of the net pension liability | 0.01346284% | 0.01344351% | 0.01344351% | 0.01101299% | 0.0121345% | N/A | N/A | N/A | N/A | N/A |
| Authority's proportionate share of the net pension liability | \$26,258 | \$72,684 | \$89,608 | \$39,612 | \$ 22,275 | N/A | N/A | N/A | N/A | N/A |
| Authority's covered-employee payroll | \$279,868 | \$250,406 | \$259,688 | \$183,008 | \$ 215,759 | N/A | N/A | N/A | N/A | N/A |
| Authority's proportionate share on the net pension liability as a percentage of its covered-employee payroll | 9% | 29% | 35% | 22% | 10% | N/A | N/A | N/A | N/A | N/A |
| Plan fiduciary net position as a percentage of the total pension liability | 97.96% | 94.28% | 89.48% | 96.0% | 97.90% | N/A | N/A | N/A | N/A | N/A |

* Previous year data was unavailable as 2015 represents the first fiscal year that the Authority and the Public Employees Retirement Plan has implemented the reporting requirements of GASB Statement 68.

See accompanying notes to the financial statements.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Schedule of the Authority Contributions (RSI)
 Oklahoma Public Employee Retirement System
 Last 10 Fiscal Years *

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$55,974 | \$ 50,081 | \$ 40,793 | \$ 36,602 | \$ 41,523 | N/A | N/A | N/A | N/A | N/A |
| Contributions in relation to the contractually required contributions | \$55,974 | \$ 50,081 | \$ 40,793 | \$ 36,602 | \$ 41,523 | N/A | N/A | N/A | N/A | N/A |
| Contribution deficiency (excess) | \$ ----- | \$ ----- | \$ ----- | \$ ----- | \$ ----- | N/A | N/A | N/A | N/A | N/A |
| Authority's covered-employee payroll | \$279,868 | \$250,406 | \$259,688 | \$183,008 | \$215,759 | N/A | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered-employee payroll | 20.00% | 19.99% | 15.71% | 20.00% | 19.25% | N/A | N/A | N/A | N/A | N/A |

* Previous year data was unavailable as 2015 represents the first fiscal year that the Authority and the Public Employees Retirement Plan has implemented the reporting requirements of GASB Statement 68.

See accompanying notes to the financial statements.

Housing Authority of the City of Idabel
 Idabel, Oklahoma
 Statement of Modernization Costs
 June 30, 2019

(1) The actual Modernization Cost of the Project is as follows:

| <u>Classification</u> | <u>Project</u> <u>OK56P00450116</u> |
|-----------------------|--|
| Administration | \$ 200.00 |
| Fees and Costs | 19,795.00 |
| Site Improvements | 116,000.00 |
| Dwelling Structures | 75,140.00 |
| Dwelling Equipment | <u>6,814.00</u> |
| Total Cost | \$ <u>217,949.00</u> |

(2) The total cost as shown on the Actual Modernization Cost Certificate submitted to HUD on August 9, 2018 is in agreement with the Housing Authority's records.

(3) All modernization costs and related liabilities have been paid.

(4) The Housing Authority had no budget overruns.

| | |
|--------------------------|----------------------|
| Funds Approved | \$ 217,949.00 |
| Funds Advanced | \$ <u>217,949.00</u> |
| Excess of Funds Approved | \$ <u>0.00</u> |
| Funds Advanced | \$ 217,949.00 |
| Funds Expended | \$ <u>217,949.00</u> |
| Excess of Funds Advanced | \$ <u>0.00</u> |

Housing Authority of the City of Idabel
Idabel, Oklahoma
Financial Data Schedule
June 30, 2019

| Line Item No. | Description | Project Totals | State/Local | Program Totals | Subtotal | Elimination | Total |
|----------------------|--|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|
| Balance Sheet | | | | | | | |
| 111 | Cash-unrestricted | \$ 630,172 | | \$ - | \$ 630,172 | | \$ 630,172 |
| 112 | Cash-restricted-modernization and development | \$ - | | \$ - | \$ - | | \$ - |
| 113 | Cash-other restricted | | | \$ - | \$ - | | \$ - |
| 114 | Cash-tenant security deposits | \$ 26,713 | | \$ - | \$ 26,713 | | \$ 26,713 |
| 115 | Cash - Restricted for payment of current liability | | | \$ - | \$ - | | \$ - |
| 100 | Total Cash | \$ 656,885 | | \$ - | \$ 656,885 | \$ - | \$ 656,885 |
| 121 | Accounts receivable - PHA projects | | | \$ - | \$ - | | \$ - |
| 122-010 | Accounts receivable - HUD other projects - Operating Subsidy | \$ - | | \$ - | \$ - | | \$ - |
| 122-020 | Accounts receivable - HUD other projects - Capital fund | \$ - | | \$ - | \$ - | | \$ - |
| 122-030 | Accounts receivable - HUD other projects - Other | | | \$ - | \$ - | | \$ - |
| 122 | Accounts receivable - HUD other projects | \$ - | | \$ - | \$ - | | \$ - |
| 124 | Account receivable - other government | \$ - | | \$ - | \$ - | | \$ - |
| 125 | Account receivable - miscellaneous | \$ - | | \$ - | \$ - | | \$ - |
| 126 | Accounts receivable - tenants | \$ 4,065 | | \$ - | \$ 4,065 | | \$ 4,065 |
| 126.1 | Allowance for doubtful accounts - tenants | \$ (3,280) | | \$ - | \$ (3,280) | | \$ (3,280) |
| 126.2 | Allowance for doubtful accounts - other | \$ - | | \$ - | \$ - | | \$ - |
| 127 | Notes, Loans, & Mortgages Receivable - Current | \$ - | | \$ - | \$ - | | \$ - |
| 128 | Fraud recovery | \$ - | | \$ - | \$ - | | \$ - |
| 128.1 | Allowance for doubtful accounts - fraud | \$ - | | \$ - | \$ - | | \$ - |
| 129 | Accrued interest receivable | \$ - | | \$ - | \$ - | | \$ - |
| 120 | Total receivables, net of allowance for doubtful accounts | \$ 785 | | \$ - | \$ 785 | \$ - | \$ 785 |
| 131 | Investments - unrestricted | \$ 25,907 | | \$ - | \$ 25,907 | | \$ 25,907 |
| 132 | Investments - restricted | | | \$ - | \$ - | | \$ - |
| 135 | Investments - Restricted for payment of current liability | | | \$ - | \$ - | | \$ - |
| 142 | Prepaid expenses and other assets | \$ 12,823 | | \$ - | \$ 12,823 | | \$ 12,823 |
| 143 | Inventories | \$ 13,313 | | \$ - | \$ 13,313 | | \$ 13,313 |
| 143.1 | Allowance for obsolete inventories | \$ (666) | | \$ - | \$ (666) | | \$ (666) |
| 144 | Inter program - due from | \$ 196,878 | | \$ - | \$ 196,878 | \$ -196,878 | \$ - |
| 145 | Assets held for sale | | | \$ - | \$ - | | \$ - |
| 150 | Total Current Assets | \$ 905,925 | | \$ - | \$ 905,925 | \$ (196,878) | \$ 709,047 |
| 161 | Land | \$ 62,440 | | \$ - | \$ 62,440 | | \$ 62,440 |
| 162 | Buildings | \$ 9,480,486 | | \$ - | \$ 9,480,486 | | \$ 9,480,486 |
| 163 | Furniture, equipment and machinery - dwellings | \$ 372,921 | | \$ - | \$ 372,921 | | \$ 372,921 |
| 164 | Furniture, equipment and machinery - administration | \$ 118,092 | | \$ - | \$ 118,092 | | \$ 118,092 |
| 165 | Leasehold improvements | \$ 1,668,632 | | \$ - | \$ 1,668,632 | | \$ 1,668,632 |
| 166 | Accumulated depreciation | \$ (7,789,174) | | \$ - | \$ (7,789,174) | | \$ (7,789,174) |
| 167 | Construction in progress | \$ 251,839 | | \$ - | \$ 251,839 | | \$ 251,839 |
| 168 | Infrastructure | | | \$ - | \$ - | | \$ - |
| 160 | Total capital assets, net of accumulated depreciation | \$ 4,165,236 | | \$ - | \$ 4,165,236 | \$ - | \$ 4,165,236 |
| 174-050 | Other assets - Other | \$ 1,742 | | \$ - | \$ 1,742 | | \$ 1,742 |
| 174-060 | Other - Comment | | | \$ - | \$ - | | \$ - |
| 174 | Other assets | \$ 1,742 | | \$ - | \$ 1,742 | | \$ 1,742 |
| 176 | Investment in joint venture | \$ - | | \$ - | \$ - | | \$ - |
| 180 | Total Non-current Assets | \$ 4,166,978 | | \$ - | \$ 4,166,978 | \$ - | \$ 4,166,978 |
| 200 | Deferred Outflow of Resources | \$ 53,860 | | \$ - | \$ 53,860 | | \$ 53,860 |
| 290 | Total Assets and Deferred Outflow of Resources | \$ 5,126,763 | \$ - | \$ - | \$ 5,126,763 | \$ (196,878) | \$ 4,929,885 |
| 311 | Bank overdraft | | | \$ - | \$ - | | \$ - |
| 312 | Accounts payable <= 90 days | \$ 3,448 | | \$ - | \$ 3,448 | | \$ 3,448 |
| 313 | Accounts payable > 90 days past due | | | \$ - | \$ - | | \$ - |
| 321 | Accrued wage/payroll taxes payable | \$ 8,870 | | \$ - | \$ 8,870 | | \$ 8,870 |
| 322 | Accrued compensated absences - current portion | \$ 1,007 | | \$ - | \$ 1,007 | | \$ 1,007 |
| 324 | Accrued contingency liability | | | \$ - | \$ - | | \$ - |
| 325 | Accrued interest payable | | | \$ - | \$ - | | \$ - |
| 331-010 | Accounts payable - HUD PHA Programs - Operating Subsidy | | | \$ - | \$ - | | \$ - |
| 331-020 | Accounts payable - HUD PHA Programs - Capital fund | | | \$ - | \$ - | | \$ - |
| 331-030 | Accounts payable - HUD PHA Programs - Other | | | \$ - | \$ - | | \$ - |
| 331 | Accounts payable - HUD PHA Programs | \$ - | | \$ - | \$ - | | \$ - |
| 332 | Accounts payable - PHA Projects | | | \$ - | \$ - | | \$ - |
| 333 | Accounts payable - other government | \$ 22,638 | | \$ - | \$ 22,638 | | \$ 22,638 |
| 341 | Tenant security deposits | \$ 26,713 | | \$ - | \$ 26,713 | | \$ 26,713 |
| 342-010 | Unearned revenue - Operating Subsidy | | | \$ - | \$ - | | \$ - |
| 342-020 | Unearned revenue - Capital fund | \$ - | | \$ - | \$ - | | \$ - |
| 342-030 | Unearned revenue - Other | \$ 1,503 | | \$ - | \$ 1,503 | | \$ 1,503 |
| 342 | Unearned revenue | \$ 1,503 | | \$ - | \$ 1,503 | | \$ 1,503 |
| 343-010 | CFFP | | | \$ - | \$ - | | \$ - |
| 343-020 | Capital Projects/ Mortgage Revenue | | | \$ - | \$ - | | \$ - |
| 343 | Current portion of long-term debt - capital projects/mortgage revenue bonds | \$ - | | \$ - | \$ - | | \$ - |
| 344 | Current portion of long-term debt - operating borrowings | | | \$ - | \$ - | | \$ - |
| 345 | Other current liabilities | \$ - | | \$ - | \$ - | | \$ - |
| 346 | Accrued liabilities - other | \$ - | | \$ - | \$ - | | \$ - |
| 347 | Inter program - due to | | \$ 196,878 | \$ 196,878 | \$ 196,878 | \$ -196,878 | \$ - |
| 310 | Total Current Liabilities | \$ 64,179 | \$ 196,878 | \$ 196,878 | \$ 261,057 | \$ (196,878) | \$ 64,179 |

Housing Authority of the City of Idabel
Idabel, Oklahoma
Financial Data Schedule-Cont.
June 30, 2019

| Line Item No. | Description | Project Totals | State/Local | Program Totals | Subtotal | Elimination | Total |
|----------------------|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Balance Sheet | | | | | | | |
| 351 | Capital Projects/ Mortgage Revenue Bonds | \$ - | | \$ - | \$ - | | \$ - |
| 352 | Long-term debt, net of current - operating borrowings | \$ - | | \$ - | \$ - | \$0 | \$ - |
| 353 | Non-current liabilities - other | | | \$ - | \$ - | | \$ - |
| 354 | Accrued compensated absences- Non-current | \$ 9,066 | | \$ - | \$ 9,066 | | \$ 9,066 |
| 357 | Accrued Pension and OPEB Liability | \$ 26,258 | | \$ - | \$ 26,258 | | \$ 26,258 |
| 350 | Total Non-current liabilities | \$ 35,324 | | \$ - | \$ 35,324 | \$ - | \$ 35,324 |
| 300 | Total Liabilities | \$ 99,503 | \$ 196,878 | \$ 196,878 | \$ 296,381 | \$ (196,878) | \$ 99,503 |
| 400 | Deferred Inflow of Resources | \$ 23,439 | | | \$ 23,439 | | \$ 23,439 |
| 508.1 | Invested in capital assets, net of related debt | \$ 4,165,236 | | \$ - | \$ 4,165,236 | | \$ 4,165,236 |
| 511.1 | Restricted Net Assets | \$ - | | \$ - | \$ - | | \$ - |
| 512.1 | Unrestricted Net Assets | \$ 838,585 | \$ (196,878) | \$ (196,878) | \$ 641,707 | | \$ 641,707 |
| 513 | Total Equity/Net Assets | \$ 5,003,821 | \$ (196,878) | \$ (196,878) | \$ 4,806,943 | \$ - | \$ 4,806,943 |
| 600 | Total Liabilities, Deferred Inflows and Equity | \$ 5,126,763 | \$ - | \$ - | \$ 5,126,763 | \$ (196,878) | \$ 4,929,885 |

Housing Authority of the City of Idabel
Idabel, Oklahoma
Financial Data Schedule-Cont.
June 30, 2019

| Line Item No. | Description | Low Rent | Capital Fund | Project Totals | State/Local | Subtotal | Elimination | Total |
|-------------------------|--|-------------------|-------------------|---------------------|-------------|---------------------|-------------|---------------------|
| Income Statement | | | | | | | | |
| 70300 | Net tenant rental revenue | \$ 310,299 | \$ - | \$ 310,299 | \$ - | \$ 310,299 | | \$ 310,299 |
| 70400 | Tenant revenue - other | \$ 30,665 | \$ - | \$ 30,665 | \$ - | \$ 30,665 | | \$ 30,665 |
| 70500 | Total Tenant Revenue | \$ 340,964 | \$ - | \$ 340,964 | \$ - | \$ 340,964 | \$ - | \$ 340,964 |
| 70600 | HUD PHA operating grants | \$ 479,648 | \$ 212 | \$ 479,860 | | \$ 479,860 | | \$ 479,860 |
| 70610 | Capital grants | \$ - | \$ 190,213 | \$ 190,213 | \$ - | \$ 190,213 | | \$ 190,213 |
| 70710 | Management Fee | | | | | \$ - | | \$ - |
| 70720 | Asset Management Fee | | | | | \$ - | | \$ - |
| 70730 | Book-Keeping Fee | | | | | \$ - | | \$ - |
| 70740 | Front Line Service Fee | | | \$ - | | \$ - | | \$ - |
| 70750 | Other Fees | | | \$ - | | \$ - | | \$ - |
| 70700 | Total Fee Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 70800 | Other government grants | | | \$ - | | \$ - | | \$ - |
| 71100-010 | Housing Assistance Payment | | | \$ - | | \$ - | | \$ - |
| 71100-020 | Administrative Fee | | | \$ - | | \$ - | | \$ - |
| 71100 | Investment income - unrestricted | \$ 2,796 | \$ - | \$ 2,796 | \$ - | \$ 2,796 | | \$ 2,796 |
| 71200 | Mortgage interest income | | | \$ - | | \$ - | | \$ - |
| 71300 | Proceeds from disposition of assets held for sale | | | \$ - | | \$ - | | \$ - |
| 71310 | Cost of sale of assets | | | \$ - | | \$ - | | \$ - |
| 71400-010 | Housing Assistance Payment | | | \$ - | | \$ - | | \$ - |
| 71400-020 | Administrative Fee | | | \$ - | | \$ - | | \$ - |
| 71400 | Fraud recovery | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 71500 | Other revenue | \$ 9,174 | \$ - | \$ 9,174 | \$ - | \$ 9,174 | | \$ 9,174 |
| 71600 | Gain or loss on sale of capital assets | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 72000-010 | Housing Assistance Payment | | | \$ - | | \$ - | | \$ - |
| 72000-020 | Administrative Fee | | | \$ - | | \$ - | | \$ - |
| 72000 | Investment income - restricted | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 70000 | Total Revenue | \$ 832,582 | \$ 190,425 | \$ 1,023,007 | \$ - | \$ 1,023,007 | \$ - | \$ 1,023,007 |
| 91100 | Administrative salaries | \$ 140,742 | \$ - | \$ 140,742 | \$ - | \$ 140,742 | | \$ 140,742 |
| 91200 | Auditing fees | \$ 8,444 | \$ - | \$ 8,444 | \$ - | \$ 8,444 | | \$ 8,444 |
| 91300 | Management Fee | | | \$ - | | \$ - | | \$ - |
| 91310 | Book-Keeping Fee | | | \$ - | | \$ - | | \$ - |
| 91400 | Advertising and Marketing | \$ 754 | \$ - | \$ 754 | \$ - | \$ 754 | | \$ 754 |
| 91500 | Employee benefit contributions - administrative | \$ 37,947 | \$ - | \$ 37,947 | \$ - | \$ 37,947 | | \$ 37,947 |
| 91600 | Office Expenses | \$ 7,438 | \$ - | \$ 7,438 | \$ - | \$ 7,438 | | \$ 7,438 |
| 91700 | Legal Expense | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 91800 | Travel | \$ 1,638 | \$ - | \$ 1,638 | \$ - | \$ 1,638 | | \$ 1,638 |
| 91810 | Allocated Overhead | | | \$ - | | \$ - | | \$ - |
| 91900 | Other | \$ 20,314 | \$ 212 | \$ 20,526 | \$ - | \$ 20,526 | | \$ 20,526 |
| 91000 | Total Operating-Administrative | \$ 217,277 | \$ 212 | \$ 217,489 | \$ - | \$ 217,489 | \$ - | \$ 217,489 |
| 92000 | Asset Management Fee | | | | | \$ - | | \$ - |
| 92100 | Tenant services - salaries | | | \$ - | | \$ - | | \$ - |
| 92200 | Relocation Costs | | | \$ - | | \$ - | | \$ - |
| 92300 | Employee benefit contributions - tenant services | | | \$ - | | \$ - | | \$ - |
| 92400 | Tenant services - other | \$ 92 | \$ - | \$ 92 | \$ - | \$ 92 | | \$ 92 |
| 92500 | Total Tenant Services | \$ 92 | \$ - | \$ 92 | \$ - | \$ 92 | \$ - | \$ 92 |
| 93100 | Water | \$ 33,721 | \$ - | \$ 33,721 | \$ - | \$ 33,721 | | \$ 33,721 |
| 93200 | Electricity | \$ 20,245 | \$ - | \$ 20,245 | \$ - | \$ 20,245 | | \$ 20,245 |
| 93300 | Gas | \$ 3,308 | \$ - | \$ 3,308 | \$ - | \$ 3,308 | | \$ 3,308 |
| 93400 | Fuel | | | \$ - | | \$ - | | \$ - |
| 93500 | Labor | | | \$ - | | \$ - | | \$ - |
| 93600 | Sewer | \$ 23,632 | \$ - | \$ 23,632 | \$ - | \$ 23,632 | | \$ 23,632 |
| 93700 | Employee benefit contributions - utilities | | | \$ - | | \$ - | | \$ - |
| 93800 | Other utilities expense | | | \$ - | | \$ - | | \$ - |
| 93000 | Total Utilities | \$ 80,906 | \$ - | \$ 80,906 | \$ - | \$ 80,906 | \$ - | \$ 80,906 |
| 94100 | Ordinary maintenance and operations - labor | \$ 144,178 | \$ - | \$ 144,178 | \$ - | \$ 144,178 | | \$ 144,178 |
| 94200 | Ordinary maintenance and operations - materials and other | \$ 54,088 | \$ - | \$ 54,088 | \$ - | \$ 54,088 | | \$ 54,088 |
| 94300-120 | Ordinary Maintenance and Operations Contracts - Misc Contracts | \$ 113,303 | \$ - | \$ 113,303 | \$ - | \$ 113,303 | | \$ 113,303 |
| 94300 | Ordinary Maintenance and Operations Contracts | \$ 113,303 | \$ - | \$ 113,303 | \$ - | \$ 113,303 | | \$ 113,303 |
| 94500 | Employee benefit contribution - ordinary maintenance | \$ 58,409 | \$ - | \$ 58,409 | \$ - | \$ 58,409 | | \$ 58,409 |
| 94000 | Total Maintenance | \$ 369,978 | \$ - | \$ 369,978 | \$ - | \$ 369,978 | \$ - | \$ 369,978 |
| 95100 | Protective services - labor | | | | | \$ - | | \$ - |
| 95200 | Protective services - other contract costs | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 95300 | Protective services - other | \$ 150 | \$ - | \$ 150 | \$ - | \$ 150 | | \$ 150 |
| 95500 | Employee benefit contributions - protective services | | | \$ - | | \$ - | | \$ - |
| 95000 | Total Protective Services | \$ 150 | \$ - | \$ 150 | \$ - | \$ 150 | \$ - | \$ 150 |
| 96110 | Property Insurance | \$ 123,767 | \$ - | \$ 123,767 | \$ - | \$ 123,767 | | \$ 123,767 |
| 96120 | Liability Insurance | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 96130 | Workmen's Compensation | \$ 7,231 | \$ - | \$ 7,231 | \$ - | \$ 7,231 | | \$ 7,231 |
| 96140 | All other Insurance | \$ 3,346 | \$ - | \$ 3,346 | \$ - | \$ 3,346 | | \$ 3,346 |
| 96100 | Total Insurance Premiums | \$ 134,344 | \$ - | \$ 134,344 | \$ - | \$ 134,344 | \$ - | \$ 134,344 |
| 96200 | Other general expenses | | | | | \$ - | | \$ - |
| 96210 | Compensated absences | \$ 15,881 | \$ - | \$ 15,881 | \$ - | \$ 15,881 | | \$ 15,881 |
| 96300 | Payments in lieu of taxes | \$ 22,638 | \$ - | \$ 22,638 | \$ - | \$ 22,638 | | \$ 22,638 |
| 96400 | Bad debt - tenant rents | \$ 4,776 | \$ - | \$ 4,776 | \$ - | \$ 4,776 | | \$ 4,776 |
| 96500 | Bad debt - mortgages | | | \$ - | | \$ - | | \$ - |
| 96600 | Bad debt - other | | | \$ - | | \$ - | | \$ - |
| 96800 | Severance expense | | | \$ - | | \$ - | | \$ - |
| 96000 | Total Other General Expenses | \$ 43,295 | \$ - | \$ 43,295 | \$ - | \$ 43,295 | \$ - | \$ 43,295 |

Housing Authority of the City of Idabel
Idabel, Oklahoma
Financial Data Schedule-Cont.
June 30, 2019

| Line Item No. | Description | Low Rent | Capital Fund | Project Totals | State/Local | Subtotal | Elimination | Total |
|---------------|---|--------------|--------------|----------------|--------------|--------------|-------------|--------------|
| 96710 | Interest of Mortgage (or Bonds) Payable | | | | \$ - | \$ - | | \$ - |
| 96720 | Interest on Notes Payable (Short and Long Term) | | | | | \$ - | | \$ - |
| 96730 | Amortization of Bond Issue Costs | | | | | \$ - | | \$ - |
| 96700 | Total Interest Expense and Amortization Cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 96900 | Total Operating Expenses | \$ 846,042 | \$ 212 | \$ 846,254 | \$ - | \$ 846,254 | \$ - | \$ 846,254 |
| 97000 | Excess Revenue Over Operating Expenses | \$ (13,460) | \$ 190,213 | \$ 176,753 | \$ - | \$ 176,753 | \$ - | \$ 176,753 |
| 97100 | Extraordinary maintenance | \$ 13,937 | \$ - | \$ 13,937 | | \$ 13,937 | | \$ 13,937 |
| 97200 | Casualty losses- Non-capitalized | \$ - | | \$ - | | \$ - | | \$ - |
| 97300-010 | Mainstream 1 & 5 year | | | \$ - | | \$ - | | \$ - |
| 97300-020 | Home-Ownership | | | \$ - | | \$ - | | \$ - |
| 97300-025 | Litigation | | | \$ - | | \$ - | | \$ - |
| 97300-030 | Hope IV | | | \$ - | | \$ - | | \$ - |
| 97300-035 | Moving to Work | | | \$ - | | \$ - | | \$ - |
| 97300-040 | Tenant Protection | | | \$ - | | \$ - | | \$ - |
| 97300-050 | All Other | | | \$ - | | \$ - | | \$ - |
| 97300 | Housing assistance payments | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 97350 | HAP Portability-in | | | \$ - | | \$ - | | \$ - |
| 97400 | Depreciation expense | \$ 370,482 | \$ - | \$ 370,482 | \$ - | \$ 370,482 | | \$ 370,482 |
| 97500 | Fraud losses | | | \$ - | | \$ - | | \$ - |
| 97800 | Dwelling units rent expense | | | \$ - | | \$ - | | \$ - |
| 90000 | Total Expenses | \$ 1,230,461 | \$ 212 | \$ 1,230,673 | \$ - | \$ 1,230,673 | \$ - | \$ 1,230,673 |
| 10010 | Operating transfer in | \$ - | \$ - | \$ - | | \$ - | | \$ - |
| 10020 | Operating transfer out | \$ - | \$ - | \$ - | | \$ - | | \$ - |
| 10030-010 | Not For Profit | | | \$ - | | \$ - | | \$ - |
| 10030-020 | Partnership | | | \$ - | | \$ - | | \$ - |
| 10030-030 | Joint Venture | | | \$ - | | \$ - | | \$ - |
| 10030-040 | Tax Credit | | | \$ - | | \$ - | | \$ - |
| 10030-050 | Other | | | \$ - | | \$ - | | \$ - |
| 10030-060 | Other - Comment | | | \$ - | | \$ - | | \$ - |
| 10030 | Operating transfers from / to primary government | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 10040 | Operating transfers from / to component unit | | | \$ - | | \$ - | | \$ - |
| 10070 | Extraordinary items, net gain/loss | | | \$ - | | \$ - | | \$ - |
| 10080 | Special items, net gain/loss | | | \$ - | | \$ - | | \$ - |
| 10091 | Inter Project Excess Cash Transfer In | | | \$ - | | \$ - | | \$ - |
| 10092 | Inter Project Excess Cash Transfer Out | | | \$ - | | \$ - | | \$ - |
| 10093 | Transfers between Programs and Projects - in | | | \$ - | | \$ - | | \$ - |
| 10094 | Transfers between Programs and Projects - out | | | \$ - | | \$ - | | \$ - |
| 10100 | Total other financing sources (uses) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 10000 | Excess (Deficiency) of Revenue Over (Under) Expenses | \$ (397,879) | \$ 190,213 | \$ (207,666) | \$ - | \$ (207,666) | \$ - | \$ (207,666) |
| 11020 | Required Annual Debt Principal Payments | | | | \$ - | \$ - | | \$ - |
| 11030 | Beginning equity | \$ 5,211,487 | \$ - | \$ 5,211,487 | \$ (196,878) | \$ 5,014,609 | | \$ 5,014,609 |
| 11040-010 | Prior period adjustments, equity transfers, and correction of errors | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 11040-070 | Equity Transfers | \$ 190,213 | \$ (190,213) | \$ - | \$ - | \$ - | | \$ - |
| 11040 | Prior period adjustments, equity transfers, and correction of errors | \$ 190,213 | \$ (190,213) | \$ - | \$ - | \$ - | | \$ - |
| 11190 | Unit Months Available | 2,296 | - | \$ 2,296 | - | \$ 2,296 | | 2,296 |
| 11210 | Unit Months Leased | 2,131 | - | \$ 2,131 | 0 | \$ 2,131 | | 2,131 |
| 11270 | Excess Cash | \$ 745,773 | \$ - | \$ 745,773 | \$ - | \$ 745,773 | | \$ 745,773 |
| 11610 | Land Purchases | | | | | \$ - | | \$ - |
| 11620 | Building Purchases | \$ 1,693 | \$ 190,213 | \$ 191,906 | | \$ 191,906 | | \$ 191,906 |
| 11630 | Furniture & Equipment-Dwelling Purchases | \$ 5,541 | \$ - | \$ 5,541 | | \$ 5,541 | | \$ 5,541 |
| 11640 | Furniture & Equipment-Administrative Purchases | \$ - | \$ - | \$ - | | \$ - | | \$ - |
| 11650 | Leasehold Improvements Purchases | \$ - | \$ - | \$ - | | \$ - | | \$ - |
| 11660 | Infrastructure Purchases | | | | | \$ - | | \$ - |
| 13510 | CFFP Debt Service Payments | | | | | \$ - | | \$ - |
| 13901 | Replacement Housing Factor Funds | | | | | \$ - | | \$ - |



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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***

Board of Commissioners
Housing Authority of the City of Idabel
Idabel, 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, the financial statements of the Housing Authority of the City of Idabel, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Housing Authority of the City of Idabel's basic financial statements, and have issued our report thereon dated March 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Idabel'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 of the effectiveness of the Housing Authority of the City of Idabel's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Idabel'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 Housing Authority of the City of Idabel'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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Idabel's financial statements are free of material misstatement, we performed tests of its 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 that are required to be reported under *Government Auditing Standards*.

Housing Authority of the City of Idabel's Response to Findings

The Housing Authority of the City of Idabel's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Housing Authority of the City of Idabel's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of the internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness on 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.

Urlaub & Co., PLLC

Urlaub & Co., PLLC
March 25, 2020

Housing Authority of the City of Idabel
Idabel, Oklahoma
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

2018-1 Lack of Segregation of Duties
 See current finding 2019-001.

Housing Authority of the City of Idabel
Idabel, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SIGNIFICANT DEFICIENCY

2019-001 Lack of Segregation of Duties

Criteria: Internal control is a process, effected by the Housing Authority's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Condition: Due to the limited employees and resources available to the Housing Authority of the City of Idabel, many aspects of the internal control structure that rely on segregation of duties are missing. Specific accounting processes noted that are affected by the lack of segregation of duties include: Cash disbursements, payroll disbursements, cash receipting, and specific reporting functions required for the Housing Authority.

Context: During our analysis of the internal control structure, we noted that the structure was limited due to the number of employees and economic resources available to the Housing Authority of the City of Idabel. Many aspects needed to implement an acceptable internal control process are not feasible.

Effect: Due to the limitations of the internal control system, a potential material misstatement of the financial statements may not be prevented or detected.

Recommendation: Although the Housing Authority does not have enough resources to completely address this issue; steps can be taken to reduce the risk. Steps that can be taken are to have the board of directors become a more active component of the internal control system and to formalize the internal control procedures of the Authority. From a practical point, a cost/benefit analysis must be performed to determine if the benefit arrived is worth the potential additional cost incurred. In many cases, the cost will be too high to fully implement the needed controls.

Reply: Segregation of duties by the Idabel Housing Authority is limited due to the small number of employees and the economic resources that are available. The administrative staff has segregate duties as much as possible.