



Urlaub & Co., PLLC  
CERTIFIED PUBLIC ACCOUNTANT

Financial Statements  
December 31, 2022  
**Housing Authority of the  
City of Hugo**

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Housing Authority of the City of Hugo, Oklahoma, including the aggregate discretely presented component units, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Hugo, Oklahoma's basic financial statements as listed in the table of contents.

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 Hugo, Oklahoma, as of December 31, 2022, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Hugo and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Hugo's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Housing Authority of the City of Hugo's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Hugo's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management Discussion & Analysis on page 4 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.

### ***Supplementary 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 Hugo, Oklahoma's basic financial statements. The accompanying Financial Data Schedule, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Financial Data Schedule, and Statement of Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 September 29, 2023, on our consideration of the Housing Authority of the City of Hugo'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 solely 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 effectiveness of the Housing Authority of the City of Hugo's 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 Hugo's internal control over financial reporting and compliance.

***Urlaub & Co., PLLC***

Urlaub & Co., PLLC  
Ada, Oklahoma  
September 29, 2023

**Housing Authority of the City of Hugo, Oklahoma**  
Management's Discussion and Analysis (MD & A)  
December 31, 2022

**Introduction**

This Management's Discussion and Analysis (MD&A) of the Hugo Housing Authority (Authority) provides an introduction and overview to the financial statements of the Hugo Housing Authority for the fiscal year ended December 31, 2022. The Hugo Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2022, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Hugo Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has several individual programs. These programs are listed as follows:

- **Low Rent Public Housing Program:** The Low Rent Program consists of 226 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- **Capital Fund Program:** The Capital Fund program is also funded from HUD based on a formula. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- **Housing Choice Voucher Program:** The Housing Choice Voucher Program provides rental assistance to aid low-income families to afford, decent, safe and sanitary rental housing. The Housing Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The Housing Authority currently has 178 units available. Funds are provided by HUD to provide rental assistance payments. The Housing Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.

**Overview of the Financial Statements**

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

**Housing Authority of the City of Hugo, Oklahoma**  
Management's Discussion and Analysis (MD & A) – Cont.  
December 31, 2022

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

**The Statement of Net Position** presents information on the assets, deferred outflows or resources, and liabilities, and deferred inflows of resources with the differences between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- *Net Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets
- *Restricted Component of Net Position* consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through constitutional provisions.
- *Unrestricted Component of Net Position* represents the remaining resources available that does not meet the definition of the above categories. The unrestricted component of net position is basically the amount of resources available for future year appropriations.

**The Statement of Revenues, Expenses, and Changes in Net Position** reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2022, to determine the change in net position for the fiscal year.

**The Statement of Cash Flows** report cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2022.

**Housing Authority of the City of Hugo, Oklahoma**  
Management's Discussion and Analysis (MD & A) – Cont.  
December 31, 2022

**Financial Highlights**

- The Hugo Housing Authority's Net Position increased from the December 31, 2021 balance of \$4,204,580 to the December 31, 2022 balance of \$4,831,258, an increase of \$626,678 or 15%. The total assets increased during the same time frame by \$645,765 or 15%.
- Total revenues increased from \$1,851,751 earned for the year ended December 31, 2021 to \$2,814,807 earned for the year ended December 31, 2022, an increase of \$963,056 or 5%.
- Total expenses increased by \$327,528, from \$1,860,601 incurred for the year ended December 31, 2021, to \$2,188,129 incurred for the year ended December 31, 2022. This represents an increase of 18%.

**Housing Authority Activities & Highlights**

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2022 and December 31, 2021.

***Summary Statement of Net Position  
As of December 31, 2022 & 2021***

<b>Category</b>	<b>2022</b>	<b>2021</b>	<b>Change \$</b>	<b>Change %</b>
Current Assets	\$ 1,529,237	\$ 1,411,189	\$ 118,048	8%
Noncurrent Assets	\$ 3,482,195	\$ 2,954,478	\$ 527,717	18%
Total Assets	\$ 5,011,432	\$ 4,365,667	\$ 645,765	15%
Deferred Outflow of Resources	\$ -	\$ -	\$ -	N/A
Current Liabilities	\$ 120,813	\$ 107,499	\$ 13,314	12%
Noncurrent Liabilities	\$ 7,175	\$ 7,596	\$ (421)	-6%
Total Liabilities	\$ 127,988	\$ 115,095	\$ 12,893	11%
Deferred Inflow of Resources	\$ 52,186	\$ 45,992	\$ 6,194	N/A
Unrestricted	\$ 1,323,556	\$ 1,250,102	\$ 73,454	6%
Investment in Capital Assets	\$ 3,482,195	\$ 2,954,478	\$ 527,717	18%
Restricted	\$ 25,507	\$ -	\$ 25,507	N/A
Total Net Position	\$ 4,831,258	\$ 4,204,580	\$ 626,678	15%



**Housing Authority of the City of Hugo, Oklahoma**  
Management's Discussion and Analysis (MD & A) – Cont.  
December 31, 2022

*Current Assets*

Current assets increased by \$118,048 due primarily to an increase in unrestricted cash in the amount of \$466,325 as a result of operating revenues exceeding operating expenditures by \$49,097 in the current year and \$374,177 from the transfer of maturing CDs. Restricted cash decreased by \$29,508 due to the excess HAP reserves over HAP expenditures in the current year.

*Noncurrent Assets –Fixed Assets (Net of Depreciation)*

Noncurrent assets increased by \$527,717. See the capital asset section for further information.

*Current Liabilities*

Current liabilities increased by \$13,314. This was primarily due to an increase in accounts payable of \$33,197 which was offset by a \$23,221 decreased in unearned revenue.

***Net Position***

*Restricted*

The restricted component of net position of the authority increased by \$25,507 from the previous fiscal year. The increase was due primarily to HAP funding exceeding HAP expenditures in the current year thereby increasing the HAP reserves.

*Unrestricted*

The Authority's unrestricted component of net position changed from \$1,250,102 to \$1,323,556, a change of \$73,454 for the current year. This balance is subject to program specific guidelines.

The individual program balances that comprise the unrestricted component of net position are as follows:

Low Rent Housing Program	\$ 1,327,140
Housing Choice Voucher Program	<u>(3,584)</u>
Total	<u>\$ 1,323,556</u>

**Housing Authority of the City of Hugo, Oklahoma**  
Management's Discussion and Analysis (MD & A) – Cont.  
December 31, 2022

*Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended December 31, 2022 and 2021*

<u>Category</u>	<u>2022</u>	<u>2021</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 408,979	\$ 392,103	\$ 16,876	4%
Operating Grants	\$ 1,425,983	\$ 1,336,662	\$ 89,321	7%
Capital Grants	\$ 768,158	\$ 84,600	\$ 683,558	808%
Interest Income	\$ 5,494	\$ 555	\$ 4,939	890%
Other Revenue	\$ 206,193	\$ 37,831	\$ 168,362	445%
Total Revenue	\$ 2,814,807	\$ 1,851,751	\$ 963,056	52%
Administration	\$ 480,552	\$ 496,417	\$ (15,865)	-3%
Tenant Services	\$ 650	\$ 593	\$ 57	10%
Utilities	\$ 19,828	\$ 20,506	\$ (678)	-3%
Ordinary Maintenance	\$ 374,250	\$ 303,096	\$ 71,154	23%
Protective Services	\$ 78,730	\$ 62,826	\$ 15,904	25%
General Expense	\$ 185,175	\$ 237,677	\$ (52,502)	-22%
Extraordinary Maintenance	\$ 43,351	\$ 11,806	\$ 31,545	267%
Housing Assistance Payments	\$ 542,203	\$ 485,200	\$ 57,003	12%
Depreciation	\$ 272,813	\$ 242,480	\$ 30,333	13%
Casualty Losses	\$ 190,577	\$ -	\$ 190,577	N/A
Total Expenses	\$ 2,188,129	\$ 1,860,601	\$ 327,528	18%
Excess of Revenue over Expenses	\$ 626,678	\$ (8,850)	\$ 635,528	-7181%
Net Position, Beginning of Year	\$ 4,204,580	\$ 4,213,430	\$ (8,850)	0%
Net Position, End of Year	\$ 4,831,258	\$ 4,204,580	\$ 626,678	15%

*Results of Operations*

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's total revenue increased by \$125,438 from the previous year. Significant variances include the following:

- Capital grant revenue increased by \$683,558 or 808% due to increased capital improvement activity in the current year.
- Interest income increased by \$4,939 due to higher interest rates in the current year.
- Other revenue increased by \$168,362 from the prior year due to insurance proceeds for fire damage.

**Housing Authority of the City of Hugo, Oklahoma**  
Management’s Discussion and Analysis (MD & A) – Cont.  
December 31, 2022

Total expenses increased by \$327,528 from the previous year. Significant variances include the following:

- Ordinary maintenance costs increased by \$71,154 due primarily to an increase in maintenance labor and benefits of \$69,886 and \$24,170, respectively. Correspondingly materials decreased by \$16,898 and contract costs by \$6,004.
- Protective services increased by \$15,904 from the prior year due to security monitoring services.
- General/Insurance expenses decreased by \$52,502 from the prior year due to a decrease in overall insurance costs of \$46,183, compensated absences of \$20,471, offset by an increase of tenant bad debt in the amount of \$13,155.
- Extraordinary maintenance increased by \$31,545 in the current year.
- Housing assistance payments increased from \$485,200 in 2021 to \$542,203 in 2022, an increase of \$57,003 due to an increase in units leased of 1,246 in 2021 to 1,333 in 2022.

*Capital Assets*

As of December 31, 2022, the Hugo Housing Authority’s net investment in capital assets was \$3,482,195. This investment includes land, building, site improvement, construction in progress and equipment, less accumulated depreciation.

***Summary Statement of Capital Assets***  
***Years Ended December 31, 2022 and 2021***

<u>Category</u>	<u>2022</u>	<u>2021</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 99,218	\$ 99,218	\$ -	0%
Buildings	\$ 11,834,287	\$ 11,834,287	\$ -	0%
Equipment	\$ 451,649	\$ 375,564	\$ 76,085	20%
Leasehold Improvements	\$ 2,047,495	\$ 2,047,495	\$ -	0%
Construction in Progress	\$ 1,088,985	\$ 364,540	\$ 724,445	199%
Accumulated Depreciation	\$ (12,039,439)	\$ (11,766,626)	\$ (272,813)	2%
<b>Total Capital Assets</b>	<b>\$ 3,482,195</b>	<b>\$ 2,954,478</b>	<b>\$ 527,717</b>	<b>18%</b>

Additions to equipment consisted of purchasing a vehicle, refrigerators, and ranges funded by the Operating Fund and the 2029 & 2022 Capital Fund grants.

Construction in progress additions were related to apartment renovations funded by the 2020 & 2021 Capital Fund grants.

**Housing Authority of the City of Hugo, Oklahoma**  
Management's Discussion and Analysis (MD & A) – Cont.  
December 31, 2022

*Long Term Debt Activity*

The Authority classifies a portion of the employee's leave as long-term debt. This is due to the Authority not anticipating to pay out the total amount in the following year. The amount listed as long term is \$7,175.

**Subsequent Event**

Due to the 2023 Congressional Appropriations, the Authority's operating subsidy for the 2023 calendar year is estimated at 95%.

The amount of funding for the 2023 calendar year for the Housing Choice Voucher Program has not been finalized by HUD. The 2023 administrative fees are estimated at 97% and HAP funding at 100%.

**Request for Information**

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Hugo Housing Authority  
Wade Awtry, Executive Director  
PO Box 727  
Hugo, OK 74743

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Statement of Net Position-Proprietary Fund Type  
December 31, 2022

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 1,422,968
Restricted Cash	48,755
Accounts Receivable	7,498
Inventory (net of allowance)	<u>50,016</u>
<b>Total Current Assets</b>	<u>1,529,237</u>

**Noncurrent Assets:**

Land & Construction in Progress	1,188,203
Other Capital Assets, Net of Depreciation	<u>2,293,992</u>
<b>Total Noncurrent Assets</b>	<u>3,482,195</u>

<b>Total Assets</b>	<u>\$ 5,011,432</u>
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**DEFERRED OUTFLOW OF RESOURCES**

Deferred Outflow of Resources	<u>\$ -</u>
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*The notes to the financial statements are an integral part of this statement.*

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Statement of Net Position-Proprietary Fund Type-Cont.  
December 31, 2022

***LIABILITIES***

**Current Liabilities:**

Accounts Payable	\$	44,369
Wages/Payroll Payable		7,454
Accrued Employee Leave (Current Portion)		797
Intergovernmental Payables		34,233
Tenant Security Deposits		23,248
Unearned Revenue		<u>10,712</u>
<b>Total Current Liabilities</b>		<u>120,813</u>

**Noncurrent Liabilities:**

Accrued Employee Leave (Net of Current)		<u>7,175</u>
<b>Total Non Current Liabilities</b>		<u>7,175</u>

<b>Total Liabilities</b>	\$	<u>127,988</u>
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***DEFERRED INFLOW OF RESOURCES***

Deferred Inflow of Resources	\$	<u>52,186</u>
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***NET POSITION***

Investment in Capital Assets		3,482,195
Restricted		25,507
Unrestricted		<u>1,323,556</u>
<b>Total Net Position</b>	\$	<u><u>4,831,258</u></u>

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

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Statement of Revenues, Expenses, and Changes in Fund Net Position-  
Proprietary Fund Type  
For the Year Ended December 31, 2022

***OPERATING REVENUES***

Tenant Revenue	\$ 408,979
HUD Operating Grants	1,425,983
Other Revenue	<u>15,616</u>
<b>Total Operating Revenues</b>	<b><u>1,850,578</u></b>

***OPERATING EXPENSES***

Administrative	480,552
Tenant Services	650
Utilities	19,828
Maintenance	374,250
Protective Services	78,730
General	185,175
Extraordinary Maintenance	43,351
HAP Payments	542,203
Depreciation	<u>272,813</u>
<b>Total Operating Expenses</b>	<b><u>1,997,552</u></b>

<b>Net Operating Income (Loss)</b>	<b><u>(146,974)</u></b>
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***NONOPERATING REVENUES (EXPENSES)***

Interest Income	5,494
Insurance Proceeds	190,577
Casualty Losses	<u>(190,577)</u>

<b>Net Nonoperating Revenues (Expenses)</b>	<b><u>5,494</u></b>
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<b>Income (Loss) Before Contributions</b>	<b>(141,480)</b>
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Capital Contributions	<u>768,158</u>
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<b>Change in Net Position</b>	<b>626,678</b>
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Total Net Position-Beginning of Year	<u>4,204,580</u>
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<b>Total Net Position-End of Year</b>	<b><u>\$ 4,831,258</u></b>
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*The notes to the financial statements are an integral part of this statement.*

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Statement of Cash Flows-Proprietary Fund Type  
For the Year Ended December 31, 2022

<b><i>CASH FLOWS FROM OPERATING ACTIVITIES:</i></b>	
Cash Received from Grantor	\$ 1,398,243
Cash Received from Tenants	418,922
Cash Received from Misc. Sources	17,970
Cash Payments to Employees	(455,863)
Cash Payments to Vendors	(654,963)
Cash Payments for Rental Assistance	(542,203)
Cash Payments for PILOT	<u>(33,582)</u>
<b>Net Cash Provided/(Used) in Operating Activities</b>	<u>148,524</u>
 <b><i>CASH FLOWS FROM INVESTING ACTIVITIES</i></b>	
Interest Received	5,504
Redemption/(Purchase) of Investments	<u>374,177</u>
<b>Net Cash Provided/(Used) by Investing Activities</b>	<u>379,681</u>
 <b><i>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</i></b>	
Capital Grant Funding	768,158
Casualty Loss	(190,577)
Insurance Recoveries	190,577
Property and Equipment Purchased	<u>(800,530)</u>
<b>Net Cash Provided/(Used) in Financing Activities</b>	<u>(32,372)</u>
<b>Net Increase (Decrease) in Cash</b>	495,833
Cash and Cash Equivalents-Beginning of Year	<u>975,890</u>
<b>Cash and Cash Equivalents-End of Year</b>	<u><u>\$ 1,471,723</u></u>
 Reconciliation to Cash Accounts:	
Cash Equivalents-Unrestricted	1,422,968
Cash Equivalents-Restricted	<u>48,755</u>
<b>Total Cash Equivalents</b>	<u><u>\$ 1,471,723</u></u>

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



**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Statement of Cash Flows-Proprietary Fund Type-Cont.  
For the Year Ended December 31, 2022

***RECONCILIATION OF NET OPERATING INCOME/(LOSS) TO CASH  
PROVIDED IN OPERATING ACTIVITIES:***

Net Operating Income/(Loss)	\$	(146,974)
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:		
Depreciation		272,813
Decrease in Accounts Receivable		594
Decrease in Prepaid Expenses		13,000
Increase in Inventory		(9,986)
Increase in Accounts Payable		33,197
Increase in Wages/Payroll Payable		1,733
Decrease in Compensated Absences		(468)
Increase in Tenant Security Deposits		1,001
Increase in PILOT		651
Decrease in Unearned Revenue		(23,231)
Increase in Deferred Inflows		<u>6,194</u>
 <b>Net Cash Provided/(Used) in Operating Activities</b>	 <b>\$</b>	 <b><u>148,524</u></b>

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

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements  
December 31, 2022

**Note 1 Reporting Entity**

The Housing Authority of the City of Hugo 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 No. 39 "Determining Whether Certain Organizations Are Component Units" and GASB No. 61 "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34." Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Housing Authority's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Housing Authority. Using these criteria, the Housing Authority has no component units.

The following programs are administered by the Housing Authority:

*Public Housing Program-*

This program consists of 226 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.

*Section 8 Program –*

These programs consist of Section 8 housing programs comprising of the Housing Choice Voucher (HCV) Program. The HCV Program provides rental assistance payments on behalf of low-income families to units owned and managed by private landlords. Eligible units total 178 authorized ACC HCV units

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements-Cont.  
December 31, 2022

**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. Net Investment in capital assets, net of related debt 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 assets, 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 program 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 are necessary for management accountability.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements-Cont.  
December 31, 2022

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 for the purpose of the Statement of Cash Flows 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. Investments**

Investments are stated at fair value, or at amortized cost, which approximates fair value. Investment income includes all realized and unrealized gains and losses. Interest income is recognized on the accrual basis.

**D. Receivables**

Tenant Accounts Receivable consists primarily of tenant charges, including dwelling rents, and other tenant charges and miscellaneous receivable. Accrued interest receivable consists of amounts earned on investments at the end of the year.

**E. 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 Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements-Cont.  
December 31, 2022

**F. 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 equipment with a cost of \$5,000 or more.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	15-40 Years
Building Improvements	15-20 Years
Furniture & Equipment	3-7 Years

**G. Restricted Assets**

Restricted assets consist of legally restricted funds whose requirements imposed by funding agencies represent a legally enforceable requirement upon assets. Restricted assets consist of tenant security deposits maintained under the Low Rent Housing Program and excess HAP funding related to the HCV Program.

**H. Compensated Absences**

The Housing Authority of the City of Hugo allows employees to accumulate or carry over one year in addition to what has been earned in the calendar year.

**I. Equity Classifications**

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

*Net Investment in 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 “net investment in capital assets”.

**J. 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 component of net position first unless unrestricted component of net position will have to be returned due to funds not being utilized. Restricted component of net position are those assets which have been restricted by an outside party.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements-Cont.  
December 31, 2022

**K. Revenue Recognition**

The Proprietary Fund Type is accounted for an economical resource 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.

**L. Income Tax**

The Housing Authority is a governmental subdivision of the City of Hugo and is exempt from Federal and State income taxes.

**M. 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 require 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.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements-Cont.  
December 31, 2022

**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 December 31, 2022, was as follows:

<i>Item</i>	<i>Balance</i>
Cash on hand, deposits in banks, savings deposits	\$1,471,523
Petty Cash	200
Total Cash	\$1,471,723

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 \$1,498,340 were secured through federal depository insurance but was lacking collateralized securities at December 31, 2022. The Housing Authority has a custodial credit risk of \$748,340 for its cash accounts as of December 31, 2022.

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 the weighted average maturities 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 Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements-Cont.  
December 31, 2022

**Note 4 Restricted Assets**

Restricted assets totaling \$48,755 represents funds held for tenant's security deposits in the amount of \$26,248 for the Low Rent Housing Program and \$22,507 for the Housing Choice Voucher Program's HAP reserves.

**Note 5 Accounts Receivable**

Accounts receivable at December 31, 2022 consists of the following items:

Category	Amount
Tenant Accounts Receivable	\$ 37,755
Less: Allowance for Doubtful Accounts	(30,257)
Total	\$ 7,498

**Note 6 Maintenance Inventory**

As of December 31, 2022, the Housing Authority maintained a balance of \$50,016 in maintenance materials inventory with an allowance for obsolete inventory of \$3,141.

**Note 7 Fixed Assets**

A summary of capital assets at December 31, 2022 by class is as follows:

	Balance at 12/31/21	Additions	Retirements	Reclass.	Balance at 12/31/22
Capital assets not being depreciated					
Construction in Progress	\$ 364,540	\$ 724,445	\$ -		\$ 1,088,985
Land	99,218	-	-	-	99,218
<b>Total capital assets not being depreciated</b>	<u>463,758</u>	<u>724,445</u>	<u>-</u>	<u>-</u>	<u>1,188,203</u>
Capital assets being depreciated					
Buildings and Improvements	13,881,782	-	-	-	13,881,782
Furniture and Equipment	375,564	76,085	-	-	451,649
<b>Total capital assets, being depreciated</b>	<u>\$ 14,257,346</u>	<u>\$ 76,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,333,431</u>
Less Accumulated depreciation for:					
Buildings and Improvements	\$ 11,441,029	\$ 250,142	\$ -		11,691,171
Furniture and Equipment	325,597	22,671	-	-	348,268
Total Accumulated Depreciation	<u>11,766,626</u>	<u>272,813</u>	<u>-</u>	<u>-</u>	<u>12,039,439</u>
<b>Total capital assets, being depreciated, net</b>	<u>\$ 2,490,720</u>	<u>\$ (196,728)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,293,992</u>
<b>Net Capital Assets</b>	<u>\$ 2,954,478</u>	<u>\$ 527,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,482,195</u>

Depreciation expense incurred for the current year is \$272,813.



**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements-Cont.  
December 31, 2022

**Note 8 Accounts Payable**

Authority payables are composed of vendor and contractor payables totaling \$44,369.

**Note 9 Unearned Revenues**

The unearned revenue balance (Current Portion) consists of Tenant Prepaid Rents collected at December 31, 2022 in the amount of \$4,233 and excess CFP advances in the amount of \$6,479.

**Note 10 Accrued Leave**

As of December 31, 2022, the accrued leave balance was \$7,972.

<u>Balance as of 12/31/21</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance at 12/31/22</u>	<u>Due within 1 Year</u>
\$ 8,440	\$ -	\$ 468	\$ 7,972	\$ 797

**Note 11 Retirement Plan**

The Authority provides for a Governmental Defined Contribution Plan administered by Housing Agency Retirement Trust. The plan requires that the Authority contribute 7.5% of the employee's wages with the employee providing 3.5%. All Authority full-time employees are eligible to participate in the plan. Employees are provided the option to make additional contributions to the plan. For the year ended December 31, 2022, the Authority's contribution to the plan was \$22,305, as compared to the 2021 contribution of \$25,324.

**Note 12 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. Physical Property Loss	Purchased insurance with Housing Authorities Insurance Group
b. Liability	Purchased insurance with Housing Authorities Insurance Group
c. Worker's Compensation	Purchased insurance with Insurica
d. Automobile Liability	Purchased insurance with Travelers Property Casualty Company of America
e. Fidelity Bond	Purchased insurance with Insurica

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.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Notes to the Basic Financial Statements-Cont.  
December 31, 2022

**Note 13 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. Based upon prior experience, the Authority believes such disallowances, if any, would be immaterial.

Grant Commitments

The Authority had the following grant commitments in progress at December 31, 2022. These grants are summarized as follows:

Grant	Grant Award	Grant Expend. thru December 31, 2022
Capital Fund Program 501-19	\$ 428,950	\$ 422,471
Capital Fund Program 501-20	461,334	430,162
Capital Fund Program 501-21	479,422	320,936
Capital Fund Program 501-22	589,432	35,113
Total	<u>\$ 1,959,138</u>	<u>\$ 1,208,682</u>

Construction Commitments

The Authority had no construction commitments outstanding with contractors as of December 31, 2022.

Subsequent Construction Commitments

The Authority had no subsequent construction commitments after December 31, 2022.

**Note 14 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 15 Contingencies**

The Housing Authority is a party to claims and lawsuits arising in the ordinary course of business. The Housing Authority's management are of the opinion that the liability, if any, arising from these claims will not have a material impact on the financial position of the Housing Authority.

**Note 16 Subsequent Events**

Management has evaluated subsequent events through September 29, 2023, the date which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition of disclosure in the financial statements except as noted below.



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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 Hugo  
Hugo, 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 Hugo, as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the Housing Authority of the City of Hugo's basic financial statements, and have issued our report thereon dated September 29, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Hugo's internal control over financial reporting (internal control) as a basis for designing 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 Hugo's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Hugo's internal control.

Our consideration of the 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Hugo's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-003 and 2022-004 to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Hugo'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2022-001, and 2022-003.

### **Housing Authority of the City of Hugo's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority of the City of Hugo's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Housing Authority of the City of Hugo's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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  
September 29, 2023



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE**

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

**Report on Compliance for the Major Federal Program**

*Qualified and Unmodified Opinions*

We have audited the Housing Authority of the City of Hugo's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Hugo's major federal programs for the year ended December 31, 2022. The Housing Authority of the City of Hugo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Qualified Opinion on Housing Choice Voucher Program*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Housing Authority of the City of Hugo complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Housing Choice Voucher Program for the year ended December 31, 2022.

*Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Housing Authority of the City of Hugo complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and responses for the year ended December 31, 2022.

*Basis for Qualified and Unmodified Opinions*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative

Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of the City of Hugo and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority of the City of Hugo's compliance with the compliance requirements referred to above.

#### *Matter(s) Giving Rise to Qualified Opinion*

As described in the accompanying Schedule of Findings and Responses, the Housing Authority of the City of Hugo did not comply with requirements regarding the Housing Choice Voucher Program as described in finding numbers 2022-05 for Eligibility and 2022-06 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of Hugo to comply with the requirements applicable to that program.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Housing Authority of the City of Hugo's federal programs

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion of the Housing Authority of the City of Hugo's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards and the Uniform Guidance* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on compliance about the Housing Authority of the City of Hugo's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the Uniform Guidance, *we*

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the City of Hugo's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Housing Authority of the City of Hugo’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Hugo’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-03. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority of the City of Hugo’s response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Housing Authority of the City of Hugo’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Responses as items 2022-005, and 2022-006 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority of the City of Hugo's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Housing Authority of the City of Hugo's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Urlaub & Co., PLLC*

Urlaub & Co., PLLC  
September 29, 2023



**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>		
		<u>From Pass-Through Awards</u>	<u>From Direct Awards</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Housing and Urban Development</b>				
Public and Indian Housing				
Operating Fund	14.850	\$ ----	\$ 729,514	\$ ----
Public Housing Capital Fund Program	14.872	----	810,166	----
Housing Voucher Cluster				
Housing Choice Voucher Program	14.871	----	<u>654,461</u>	----
Total Housing Choice Voucher Cluster		----	<u>654,461</u>	----
Total Direct from U.S. Housing and Urban Department		----	\$ <u>2,194,141</u>	----
<b>Total Expenditures of Federal Awards</b>		<u>\$ ----</u>	<u>\$ 2,194,141</u>	<u>\$ ----</u>

**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Hugo, and is presented on the accrual basis and in conformity with generally accepted accounting principles accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C - Indirect Cost Rate**

The Housing Authority of the City of Hugo has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2022

***Financial Statement Findings***

- 2021-001 Cost Allocation Plan  
This finding continued as 2022-001
- 2021-002 Lack of Internal Controls  
This finding is continued as 2022-002
- 2021-003 Maintenance Inventory  
This finding is cleared
- 2021-004 Fidelity Bond  
This finding is cleared

***Federal Award Findings***

- 2021-005 Capital Fund Advances – 14.872 Capital Fund Program  
This finding has been cleared
- 2021-006 HCV Tenant Files – 14.871 Housing Choice Voucher Program  
This finding continued as 2022-005.
- 2021-007 Failed Inspections - 14.871 Housing Choice Voucher Program  
This finding continues as 2022-006.
- 2021-008 Waiting List– 14.871 Housing Choice Voucher Program  
This finding is cleared.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Schedule of Findings and Responses  
For the Year Ended December 31, 2022

***Section I - Summary of Audit Results***

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Housing Authority of the City of Hugo were prepared in accordance with GAAP.
2. Two significant deficiencies relating to the audit of the financial statements are reported in the 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*. Two material weaknesses are reported.
3. One instances of noncompliance material to the financial statements of the Housing Authority of the City of Hugo were disclosed during the audit. One instance of noncompliance was considered to be a significant deficiency.
4. Two material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for major federal award programs for the Housing Authority of the City of Hugo expressed a qualified opinion on the Housing Choice Voucher Program. The Capital Fund Program's opinion was unmodified.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included:
  - FAL 14.871 Housing Choice Voucher Program
  - FAL 14.872 Capital Fund Program
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Housing Authority of the City of Hugo was determined to be a high-risk auditee.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Schedule of Findings and Responses-Cont.  
For the Year Ended December 31, 2022

***Section II – Financial Statements Findings***

***2022-001 Cost Allocations – Material Weakness***

*Condition:* The cost allocation plan developed and used by the Housing Authority did not reasonably allocate costs between the programs based on benefits received. The Housing Choice Voucher Program was only allocated 5% of indirect costs due to the low reserve levels of the program, leaving the Low Rent Program to carry the brunt of the costs.

*Criteria:* The Annual Contributions Contract requires that funds must be used for the purpose of managing their individual Low Rent Housing Program and not fund other agency programs. Under the Annual Contributions Contract, the PHA agrees to comply with HUD requirements for the development and operation of *its* public housing projects (24 CFR section 990.115).

In addition, OMB Title 2 CFR section 200.416 requires that a cost allocation plan be developed to spread benefitted activities on a reasonable and consistent basis. Indirect costs, such as the Executive Director, accounting, and other cost items, should be allocated between the Low Rent Housing Program and the Housing Choice Voucher Program.

*Cause:* The Housing Authority developed a cost allocation plan with an unreasonable method of spreading costs. Due to the low reserve levels of the Housing Choice Voucher Program, indirect costs were allocated at 5% rather than using a basis based on benefits received.

*Effect:* Due to the unreasonable method for allocating indirect costs, the Low Rent Program was unfairly incurring costs that should have been allocated to the Housing Choice Voucher Program.

*Recommendation:* We recommend the Housing Authority establish controls for the preparation of the cost allocation plan that fairly distributes indirect costs to the programs based on benefits received. During the budgeting process and throughout the year, the cost allocation plan should be used in a consistent manner, regardless of the financial position of the programs.

*Response:* We understand the importance of a more accurate cost allocation. It is being for auditor review for our Jan. 2024 budget.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Schedule of Findings and Responses-Cont.  
For the Year Ended December 31, 2022

**2022-002 Lack of Internal Controls - Material Weakness**

*Condition:* The Housing Authority is lacking in basic internal controls over financial reporting and compliance with laws and regulations. Specific areas noted that are affected by the lack of internal controls include the following: Cash disbursements including ACH payments, tenant files, cost allocations, and regulatory requirements. In the HCV Program, one individual is in charge of maintaining the files, approving and sending the ACH file to the bank. The Finance Officer also has signature rights on the checks.

*Criteria:* Internal control is a process, affected 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.

*Cause:* During our analysis of the internal control structure, we noted that many internal control processes and procedures have not been implemented at the Housing Authority. This in part has been due to the lack of employees available due to the funding levels of the HCV Program.

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

- The Housing Authority was unable to provide documentation supporting information provided to the fee accountant at the end of the fiscal year;
- Based on our analysis of expenditures that consisted of a sample of 60, supporting documentation could not be located for six of the checks selected for review;
- The Housing Authority was unable to provide copies to prove that the IRS 1099 NEC forms were completed or submitted; and
- The Housing Authority started using a debit card for purchasing of items for ease. However, this process is not acceptable as the fundamental purpose of having a board member review the transactions before payment made is missing.

*Recommendation:* The Housing Authority should design and implement an internal control system to mitigate the risk of material misstatement of the financial statements. A cost benefit analysis should be performed to determine the most effective and efficient manner in which to carry out processes within the internal control structure.

*Response:* We are implementing a new filing system along with cross training to insure accurate and efficient filing.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Schedule of Findings and Responses-Cont.  
For the Year Ended December 31, 2022

***2022-003 Cash Management– Significant Deficiency***

*Condition:* The Housing Authority has failed to obtain General Depository Agreements (HUD Form 51999) for two of their financial institutions in which new accounts were established in the current fiscal year. In addition, the Authority failed to obtain pledged securities to cover excess balances over the Federal insurance limits.

*Criteria:* The Annual Contribution Contract (ACC) requires that all public housing funds be held at financial institutions that have signed a General Depository Agreement. As part of the agreement, the financial institution is required to pledge U.S. investments to protect excess balances over the Federal insured limits.

*Cause:* The Housing Authority was not aware of the requirement that all accounts related to the Public Housing Program must be maintained in a financial institution that has signed and agreed to all the provisions within the agreement.

*Effect:* The Housing Authority is not in compliance with the ACC contract and the related accounts are not secure.

*Recommendation:* The Housing Authority should have each of their financial institutions sign the General Depository Agreements and provide pledged securities as required by the agreement.

*Response:* We were unaware of these specific requirements. Documents along with pledge securities are currently being attained to show compliance.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Schedule of Findings and Responses-Cont.  
For the Year Ended December 31, 2022

***2022-004 Internal Controls Over Financial Statements***

*Condition:* The financial statements and the Financial Data Schedule submitted to REAC had material misstatements and were not prepared in accordance with Generally Accepted Accounting Principles (GAAP) as well the Housing Authority being unable to support the worksheets used by the fee accountant.

*Criteria:* Internal controls should be in place to ensure that financial statements are prepared materially free from errors.

*Context:* During our review of the financial statements, we noted the following issues that were inconsistent in the preparation of the financial statements and the Financial Data Schedule:

- Interfund account balances were not reconciled on the Financial Data Schedule;
- Accrued leave balances were not supported at year end;

*Effect:* The misstatement of account balances resulted in the preparation of financial statements with material errors. The financial statements could not be relied upon for the fair representation of the financial position of the Authority.

*Recommendation:* It is recommended that proper internal controls be established to ensure proper processing and reporting of financial statements materially free from errors.

*Response:* The PHA will maintain and supply all supporting documents, and review FDS before submitting.

**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Schedule of Findings and Responses-Cont.  
For the Year Ended December 31, 2022

***Section III – Federal Award Findings and Questioned Costs***

***2022-005 Tenant Files – 14.871 Housing Choice Voucher Program***

*Condition:* The Housing Authority lacks internal controls over their tenant files. During our review of 10 tenant files, we noted the following discrepancies:

- 1 file lacked a signed HAP contract;
- 2 files lacked a signed lease;
- 1 file lacked a citizenship form;
- 2 files lacked a current recertification;
- 1 HAP payment did not match the calculation in the tenant file;
- All files lacked documentation of rent reasonableness

*Criteria:* Certain file requirements are generally not being met such as reasonable rent determination outlined in 24 CFR section 982.507.

*Cause:* The Housing Authority has undergone several changes related to the manager position of the HCV Program. These changes and a lack of quality control of the oversight of the work has resulted in several program errors.

*Effect:* The lack of proper documentation may result in miscalculation of tenant rents or ineligible persons being housed and overpayments resulting from not performing a rent reasonableness.

*Recommendation:* It is recommended that management implement procedures for proper training and management reviews of tenant files. HUD has issued a HCV guidebook that can aid in the understanding of file requirements.

*Response:* Due to employee turnover and limited funding, we have been forced to manage the program with existing staffing. We will take additional training courses in an effort to better understand the file requirements and maintenance. The PHA shall implement procedure for review of tenant files by management.



**Housing Authority of the City of Hugo**  
Hugo, Oklahoma  
Schedule of Findings and Responses-Cont.  
For the Year Ended December 31, 2022

***2022-006 Failed Inspections– 14.871 Housing Choice Voucher Program***

*Condition:* The Housing Authority lacks internal control over the processing of failed inspections.

*Criteria:* 24 CFR 982 outlines requirements related to the tracking of failed inspections.

*Cause:* During our review of 4 failed inspections, we noted the following discrepancy:

- A failed inspection noted a failing smoke detector. Per the Authority's Admin. Plan, this item is considered to be life threatening condition requiring correction within 24 hours. The failed inspection was corrected in 15 days.

*Effect:* The lack of proper documentation may result in HAP payments being paid in error to an owner of a unit that did not pass inspection. In addition, the role of an inspection is to identify items that need to be correct both from an emergency basis and from a non-life-threatening item.

*Recommendation:* It is recommended that management implement procedures for proper tracking and documentation of failed inspections as well as managing the failed inspection process.

*Response:* We will meet with our new inspector and ensure proper tracking and documentation of all program inspections. Management shall review all failed inspections to ensure deficiencies and any life threatening conditions are corrected in proper time frames.



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## INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in the second paragraph, which were agreed to by the Housing Authority of the City of Hugo (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the reporting package. The Housing Authority and the Housing Authority’s Management is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Housing Authority of the City of Hugo and REAC. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the “UFRS Rule Information” column with the corresponding printed documents listed in the “Hard Copy Documents” column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the “UFRS Rule Information” column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an 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, for the Housing Authority as of and for the year ended December 31, 2022, and have issued our reports thereon dated September 29, 2023. The information in the “Hard Copy Documents” column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated September 29, 2023, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the reporting package which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit report. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

The purpose of this report on applying the agreed upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

*Urlaub & Co., PLLC*

Ada, Oklahoma  
September 29, 2023

**ATTACHMENT TO INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

Procedure	UFRS Rule Information	Hard Copy Documents	Findings
1	Balance Sheet, Revenue and Expense (data line 111 to 13901)	Financial Data Schedule	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor’s supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

**Housing Authority of the City of Hugo**  
**Hugo, Oklahoma**  
Financial Data Schedule  
December 31, 2022

Line Item No.	Description	Project Totals	Housing Choice Voucher	Subtotal	Elimination	Total
<b>Balance Sheet</b>						
111	Cash-unrestricted	\$ 1,331,840	\$ 91,128	\$ 1,422,968		\$ 1,422,968
112	Cash-restricted-modernization and development	\$ -		\$ -		\$ -
113	Cash-other restricted		\$ 25,507	\$ 25,507		\$ 25,507
114	Cash-tenant security deposits	\$ 23,248		\$ 23,248		\$ 23,248
115	Cash - Restricted for payment of current liability			\$ -		\$ -
100	<b>Total Cash</b>	<b>\$ 1,355,088</b>	<b>\$ 116,635</b>	<b>\$ 1,471,723</b>	<b>\$ -</b>	<b>\$ 1,471,723</b>
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	<b>Accounts receivable - HUD other projects</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
124	Account receivable - other government	\$ -		\$ -		\$ -
125	<b>Account receivable - miscellaneous</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
126	Accounts receivable - tenants	\$ 37,755		\$ 37,755		\$ 37,755
126.1	Allowance for doubtful accounts - tenants	\$ (30,257)		\$ (30,257)		\$ (30,257)
126.2	Allowance for doubtful accounts - other			\$ -		\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -		\$ -		\$ -
128	Fraud recovery	\$ 6,920		\$ 6,920		\$ 6,920
128.1	Allowance for doubtful accounts - fraud	\$ (6,920)		\$ (6,920)		\$ (6,920)
129	Accrued interest receivable	\$ -	\$ -	\$ -		\$ -
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>\$ 7,498</b>	<b>\$ -</b>	<b>\$ 7,498</b>	<b>\$ -</b>	<b>\$ 7,498</b>
131	Investments - unrestricted	\$ -	\$ -	\$ -		\$ -
132	Investments - restricted	\$ -		\$ -		\$ -
135	Investments - Restricted for payment of current liability			\$ -		\$ -
142	Prepaid expenses and other assets	\$ -	\$ -	\$ -		\$ -
143	Inventories	\$ 53,157	\$ -	\$ 53,157		\$ 53,157
143.1	Allowance for obsolete inventories	\$ (3,141)	\$ -	\$ (3,141)		\$ (3,141)
144	Inter program - due from	\$ 41,583	\$ -	\$ 41,583	-\$41,583	\$ -
145	Assets held for sale			\$ -		\$ -
150	<b>Total Current Assets</b>	<b>\$ 1,454,185</b>	<b>\$ 116,635</b>	<b>\$ 1,570,820</b>	<b>\$ (41,583)</b>	<b>\$ 1,529,237</b>
161	Land	\$ 99,218	\$ -	\$ 99,218		\$ 99,218
162	Buildings	\$ 11,834,287		\$ 11,834,287		\$ 11,834,287
163	Furniture, equipment and machinery - dwellings	\$ 105,499	\$ -	\$ 105,499		\$ 105,499
164	Furniture, equipment and machinery - administration	\$ 346,150	\$ -	\$ 346,150		\$ 346,150
165	Leasehold improvements	\$ 2,047,495		\$ 2,047,495		\$ 2,047,495
166	Accumulated depreciation	\$ (12,039,439)	\$ -	\$ (12,039,439)		\$ (12,039,439)
167	Construction in progress	\$ 1,088,985	\$ -	\$ 1,088,985		\$ 1,088,985

**Housing Authority of the City of Hugo**  
**Hugo, Oklahoma**  
Financial Data Schedule  
December 31, 2022

Line Item No.	Description	Project Totals	Housing Choice Voucher	Subtotal	Elimination	Total
168	Infrastructure			\$ -		\$ -
160	<b>Total capital assets, net of accumulated depreciation</b>	\$ 3,482,195	\$ -	\$ 3,482,195	\$ -	\$ 3,482,195
171	<b>Notes, Loans, &amp; mortgages receivable – Non-current</b>	\$ -	\$ -	\$ -	\$0	\$ -
180	<b>Total Non-current Assets</b>	\$ 3,482,195	\$ -	\$ 3,482,195	\$ -	\$ 3,482,195
200	Deferred Outflow of Resources	\$ -	\$ -	\$ -		\$ -
290	<b>Total Assets and Deferred Outflow of Resources</b>	\$ 4,936,380	\$ 116,635	\$ 5,053,015	\$ (41,583)	\$ 5,011,432
311	Bank overdraft		\$ -	\$ -		\$ -
312	Accounts payable <= 90 days	\$ 43,578	\$ 791	\$ 44,369		\$ 44,369
313	Accounts payable > 90 days past due			\$ -		\$ -
321	Accrued wage/payroll taxes payable	\$ 7,454		\$ 7,454		\$ 7,454
322	Accrued compensated absences - current portion	\$ 782	\$ 15	\$ 797		\$ 797
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	<b>Accounts payable - HUD PHA Programs</b>	\$ -	\$ -	\$ -		\$ -
332	Accounts payable - PHA Projects			\$ -		\$ -
333	Accounts payable - other government	\$ 34,233		\$ 34,233		\$ 34,233
341	Tenant security deposits	\$ 23,248		\$ 23,248		\$ 23,248
342-010	Unearned revenue - Operating Subsidy	\$ -		\$ -		\$ -
342-020	Unearned revenue - Capital fund	\$ 6,479		\$ 6,479		\$ 6,479
342-030	Unearned revenue - Other	\$ 4,233		\$ 4,233		\$ 4,233
342	Unearned revenue	\$ 10,712	\$ -	\$ 10,712		\$ 10,712
345	Other current liabilities	\$ -	\$ -	\$ -		\$ -
346	Accrued liabilities - other	\$ -	\$ -	\$ -		\$ -
347	Inter program - due to	\$ -	\$ 41,583	\$ 41,583	-\$41,583	\$ -
310	<b>Total Current Liabilities</b>	\$ 120,007	\$ 42,389	\$ 162,396	\$ (41,583)	\$ 120,813
351	Capital Projects/ Mortgage Revenue Bonds	\$ -		\$ -		\$ -
352	Long-term debt, net of current - operating borrowings		\$ -	\$ -		\$ -
353	Non-current liabilities - other		\$ -	\$ -		\$ -
354	Accrued compensated absences- Non-current	\$ 7,038	\$ 137	\$ 7,175		\$ 7,175
357	Accrued Pension and OPEB Liability	\$ -		\$ -		\$ -
350	<b>Total Non-current liabilities</b>	\$ 7,038	\$ 137	\$ 7,175	\$ -	\$ 7,175
300	<b>Total Liabilities</b>	\$ 127,045	\$ 42,526	\$ 169,571	\$ (41,583)	\$ 127,988

**Housing Authority of the City of Hugo**  
**Hugo, Oklahoma**  
Financial Data Schedule  
December 31, 2022

Line Item No.	Description	Project Totals	Housing Choice Voucher	Subtotal	Elimination	Total
400	Deferred Inflow of Resources	\$ -	\$ 52,186	\$ 52,186		\$ 52,186
508.4	Invested in capital assets, net of related debt	\$ 3,482,195	\$ -	\$ 3,482,195		\$ 3,482,195
511.4	Restricted Net Assets	\$ -	\$ 25,507	\$ 25,507		\$ 25,507
512.4	Unrestricted Net Assets	\$ 1,327,140	\$ (3,584)	\$ 1,323,556		\$ 1,323,556
513	<b>Total Equity/Net Assets</b>	<b>\$ 4,809,335</b>	<b>\$ 21,923</b>	<b>\$ 4,831,258</b>	<b>\$ -</b>	<b>\$ 4,831,258</b>
600	<b>Total Liabilities, Deferred Inflows and Equity</b>	<b>\$ 4,936,380</b>	<b>\$ 116,635</b>	<b>\$ 5,053,015</b>	<b>\$ (41,583)</b>	<b>\$ 5,011,432</b>

**Housing Authority of the City of Hugo**  
**Hugo, Oklahoma**  
Financial Data Schedule  
December 31, 2022

Line Item No.	Description	Low Rent	Capital Fund	Housing Choice Voucher	Elimination	Total
<b>Income Statement</b>						
70300	Net tenant rental revenue	\$ 362,104	\$ -	\$ -		\$ 362,104
70400	Tenant revenue - other	\$ 46,875	\$ -	\$ -		\$ 46,875
70500	<b>Total Tenant Revenue</b>	<b>\$ 408,979</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 408,979</b>
70600	<b>HUD PHA operating grants</b>	<b>\$ 729,514</b>	<b>\$ 42,008</b>	<b>\$ 654,461</b>		<b>\$ 1,425,983</b>
70610	Capital grants		\$ 768,158	\$ -		\$ 768,158
70700	<b>Total Fee Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
70800	Other government grants			\$ -		\$ -
71100	<b>Investment income - unrestricted</b>	<b>\$ 5,433</b>	<b>\$ -</b>	<b>\$ 61</b>		<b>\$ 5,494</b>
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	<b>Fraud recovery</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,382</b>		<b>\$ 4,382</b>
71500	Other revenue	\$ 201,811	\$ -	\$ -		\$ 201,811
71600	Gain or loss on sale of capital assets	\$ -	\$ -	\$ -		\$ -
72000	<b>Investment income - restricted</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
70000	<b>Total Revenue</b>	<b>\$ 1,345,737</b>	<b>\$ 810,166</b>	<b>\$ 658,904</b>	<b>\$ -</b>	<b>\$ 2,814,807</b>
91100	Administrative salaries	\$ 252,059	\$ -	\$ 8,683		\$ 260,742
91200	Auditing fees	\$ 25,596	\$ -	\$ 44		\$ 25,640
91300	Management Fee					\$ -
91310	Book-Keeping Fee					\$ -
91400	Advertising and Marketing	\$ 3,645	\$ -	\$ -		\$ 3,645
91500	Employee benefit contributions - administrative	\$ 96,327	\$ -	\$ 2,334		\$ 98,661
91600	Office Expenses	\$ 24,314	\$ -	\$ 2,807		\$ 27,121
91700	Legal Expense	\$ 240	\$ -			\$ 240
91800	Travel	\$ 10,304	\$ -			\$ 10,304
91810	Allocated Overhead					\$ -
91900	Other	\$ 48,457	\$ -	\$ 5,742		\$ 54,199
91000	<b>Total Operating-Administrative</b>	<b>\$ 460,942</b>	<b>\$ -</b>	<b>\$ 19,610</b>	<b>\$ -</b>	<b>\$ 480,552</b>



**Housing Authority of the City of Hugo**  
**Hugo, Oklahoma**  
Financial Data Schedule  
December 31, 2022

Line Item No.	Description	Low Rent	Capital Fund	Housing Choice Voucher	Elimination	Total
<b>Income Statement</b>						
92000	Asset Management Fee					\$ -
92100	Tenant services - salaries					\$ -
92200	Relocation Costs					\$ -
92300	Employee benefit contributions - tenant services					\$ -
92400	Tenant services - other	\$ 650	\$ -			\$ 650
92500	<b>Total Tenant Services</b>	<b>\$ 650</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 650</b>
93100	Water	\$ 297	\$ -	\$ -		\$ 297
93200	Electricity	\$ 13,929	\$ -	\$ 41		\$ 13,970
93300	Gas	\$ 5,325	\$ -	\$ 15		\$ 5,340
93400	Fuel					\$ -
93500	Labor					\$ -
93600	Sewer	\$ 221	\$ -			\$ 221
93700	Employee benefit contributions - utilities					\$ -
93800	Other utilities expense					\$ -
93000	<b>Total Utilities</b>	<b>\$ 19,772</b>	<b>\$ -</b>	<b>\$ 56</b>	<b>\$ -</b>	<b>\$ 19,828</b>
94100	Ordinary maintenance and operations - labor	\$ 162,856	\$ -			\$ 162,856
94200	Ordinary maintenance and operations - materials and other	\$ 96,946	\$ -			\$ 96,946
94300	<b>Ordinary Maintenance and Operations Contracts</b>	<b>\$ 49,754</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 49,754</b>
94500	Employee benefit contribution - ordinary maintenance	\$ 64,694	\$ -			\$ 64,694
94000	<b>Total Maintenance</b>	<b>\$ 374,250</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 374,250</b>
95100	Protective services - labor	\$ 33,530				\$ 33,530
95200	Protective services - other contract costs	\$ 31,925	\$ -			\$ 31,925
95300	Protective services - other	\$ 63				\$ 63
95500	Employee benefit contributions - protective services	\$ 13,212				\$ 13,212
95000	<b>Total Protective Services</b>	<b>\$ 78,730</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,730</b>
96110	Property Insurance	\$ 83,757	\$ -	\$ 172		\$ 83,929
96120	Liability Insurance	\$ 4,968		\$ 352		\$ 5,320
96130	Workmen's Compensation	\$ 23,333	\$ -	\$ 936		\$ 24,269
96140	All other Insurance	\$ 7,431	\$ -	\$ 150		\$ 7,581
96100	<b>Total Insurance Premiums</b>	<b>\$ 119,489</b>	<b>\$ -</b>	<b>\$ 1,610</b>	<b>\$ -</b>	<b>\$ 121,099</b>

**Housing Authority of the City of Hugo**  
**Hugo, Oklahoma**  
Financial Data Schedule  
December 31, 2022

Line Item No.	Description	Low Rent	Capital Fund	Housing Choice Voucher	Elimination	Total
<b>Income Statement</b>						
96200	Other general expenses	\$ -		\$ 618		\$ 618
96210	Compensated absences	\$ -	\$ -	\$ -		\$ -
96300	Payments in lieu of taxes	\$ 34,233	\$ -			\$ 34,233
96400	Bad debt - tenant rents	\$ 29,225	\$ -	\$ -		\$ 29,225
96500	Bad debt - mortgages					\$ -
96600	Bad debt - other	\$ -				\$ -
96800	Severance expense					\$ -
96000	<b>Total Other General Expenses</b>	<b>\$ 63,458</b>	<b>\$ -</b>	<b>\$ 618</b>	<b>\$ -</b>	<b>\$ 64,076</b>
96710	Interest of Mortgage (or Bonds) Payable					\$ -
96700	<b>Total Interest Expense and Amortization Cost</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
96900	<b>Total Operating Expenses</b>	<b>\$ 1,117,291</b>	<b>\$ -</b>	<b>\$ 21,894</b>	<b>\$ -</b>	<b>\$ 1,139,185</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>\$ 228,446</b>	<b>\$ 810,166</b>	<b>\$ 637,010</b>	<b>\$ -</b>	<b>\$ 1,675,622</b>
97100	Extraordinary maintenance	\$ 43,351	\$ -	\$ -		\$ 43,351
97200	Casualty losses- Non-capitalized	\$ 190,577				\$ 190,577
97300	<b>Housing assistance payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 542,203</b>		<b>\$ 542,203</b>
97350	<b>HAP Portability-in</b>					<b>\$ -</b>
97400	Depreciation expense	\$ 272,813	\$ -			\$ 272,813
97500	Fraud losses					\$ -
97800	Dwelling units rent expense					\$ -
90000	<b>Total Expenses</b>	<b>\$ 1,624,032</b>	<b>\$ -</b>	<b>\$ 564,097</b>	<b>\$ -</b>	<b>\$ 2,188,129</b>
10010	Operating transfer in	\$ 42,008	\$ -		\$ (42,008)	\$ -
10020	Operating transfer out	\$ -	\$ (42,008)	\$ -	\$ 42,008	\$ -
10100	<b>Total other financing sources (uses)</b>	<b>\$ 42,008</b>	<b>\$ (42,008)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>\$ (236,287)</b>	<b>\$ 768,158</b>	<b>\$ 94,807</b>	<b>\$ -</b>	<b>\$ 626,678</b>
11020	Required Annual Debt Principal Payments					\$ -
11030	Beginning equity	\$ 4,277,464	\$ -	\$ (72,884)		\$ 4,204,580
11040-010	Prior period adjustments and correction of errors - Editable	\$ -	\$ -	\$ -		\$ -

**Housing Authority of the City of Hugo**  
**Hugo, Oklahoma**  
Financial Data Schedule  
December 31, 2022

Line Item No.	Description	Low Rent	Capital Fund	Housing Choice Voucher	Elimination	Total
<b>Income Statement</b>						
11040-070	Equity Transfers	\$ -	\$ -	\$ -		\$ -
11040	<b>Prior period adjustments, equity transfers, and correction of errors</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>
11170	<b>Administrative Fee Equity</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,584)</b>		<b>\$ (3,584)</b>
11180	<b>Housing Assistance Payments Equity</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,507</b>		<b>\$ 25,507</b>
11190	<b>Unit Months Available</b>	<b>2,646</b>		<b>1,374</b>		<b>4020</b>
11210	<b>Unit Months Leased</b>	<b>2,596</b>		<b>1,333</b>		<b>3929</b>
11270	<b>Excess Cash</b>	<b>\$ 1,191,860</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 1,191,860</b>
11610	Land Purchases	\$ -	\$ -	\$ -		\$ -
11620	Building Purchases	\$ -	\$ 724,445			\$ 724,445
11630	Furniture & Equipment-Dwelling Purchases	\$ -	\$ 43,712			\$ 43,712
11640	Furniture & Equipment-Administrative Purchases	\$ 32,373	\$ -			\$ 32,373
11650	Leasehold Improvements Purchases					\$ -
11660	Infrastructure Purchases					\$ -
13510	CFFP Debt Service Payments					\$ -
13901	Replacement Housing Factor Funds					\$ -