

HOUSING AUTHORITY OF THE CITY OF ADA

AUDITED FINANCIAL STATEMENTS

Ada, Oklahoma

June 30, 2020

Goldie Roberts

Certified Public Accountant

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HOUSING AUTHORITY
OF THE CITY OF ADA

Ada, Oklahoma
JUNE 30, 2020

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Ada
P.O. Box 1622
Ada, OK 74821

I have audited the accompanying financial statements of the Housing Authority of the City of Ada ("the Authority") which comprise the Statement of Net Position as of June 30, 2020, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Ada's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Ada as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through v be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

In regard to, the Financial Data Schedule and the other supplemental information as listed in the table of contents, such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Financial Data Schedule and the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 7, 2021 on my consideration of the Housing Authority of the City of Ada's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Housing Authority of the City of Ada's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 7, 2021

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

As management of the Housing Authority of the City of Ada, Oklahoma, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the twelve months ended June 30, 2020. We strongly encourage readers to consider all information contained in this section in conjunction with the Authority's financial statements, which begin with the Statement of Net Position on page 3.

Financial Overview

The Authority had an overall decrease of \$268,426 in subsidy and grant income for the current year. This was a decrease of approximately 21.55% over the prior year. A breakdown of the decrease is as follows:

<u>Subsidy & Grant Income</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Low Rent – Public Housing Subsidy	\$ 507,260	\$ 493,994	\$ 13,266	2.68%
Section 8 – Housing Choice Voucher & Cares Act	394,824	397,142	(2,318)	(.58%)
Capital Fund Program	<u>75,061</u>	<u>354,435</u>	<u>(279,374)</u>	<u>(78.82%)</u>
	<u>\$ 977,145</u>	<u>\$ 1,245,571</u>	<u>\$ (268,426)</u>	<u>(21.55%)</u>

The Authority had a decrease of \$4,684 in dwelling rent income over the prior fiscal year.

The Authority had a total cash balance of \$1,558,449 (unrestricted - \$166,119 and restricted - \$42,330 and an investments balance of \$1,350,000 (all unrestricted). For more information on cash and investments, and calculation of restricted cash, see Note B.

Unrestricted Net Position decreased to \$1,491,984 from \$1,681,470 in the prior year.

Overview of the Housing Authority of the City of Ada

The Housing Authority of the City of Ada was organized in 1965 for the primary purpose of providing low income housing to individuals residing in the City of Ada, Oklahoma. The Authority is governed by a Board of Commissioners. The Authority generates funding through three main programs. These are the Low Rent Public Housing Program, Section 8 Housing Choice Voucher Program, and Capital Fund Program. The Low Rent Program consists of 275 units. The Low Rent Program is operated under an Annual Contributions Contract (ACC) with the Department of Housing and Urban Development (HUD). HUD provides the Authority with the Operating Subsidy, based on a formula, and a Capital Fund Program grant which provides the Authority with funding for capital improvements to the current dwelling structures and assists in operations. Under the Section 8 Housing Choice Voucher Program, the Authority administers contracts with independent landlords who own properties within the community. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is also administered under an Annual Contributions Contract (ACC) with HUD. HUD provides funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Overview of the Financial Statements

The annual report consists of Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended June 30, 2020. The basic financial statements provide readers with a broad overview of the Authority's finances. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. This report also contains the Schedule of Expenditures of Federal Awards as supplementary information in addition to the basic financial statements themselves.

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These financial statements provide short and long term financial information about the Housing Authority activities.

The basic financial statements consist of three statements, all of which are presented on the accrual basis of accounting and required by GASB 34:

1. The Statement of Net Position, which is similar to a Balance Sheet, reports all financial and capital resources for the Authority. The statement is presented in the format where assets minus liabilities, equals "Net Position", formerly known as Net Assets. Over time, increases or decreases in net position may serve as an indicator of whether the financial situation of the Authority is improving. The statement presents assets and liabilities in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current". Net assets are reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted: This component of Net Position consists of restricted assets, when constraints or restrictions are placed on an asset by creditors, grantors, contributors, laws, regulations, etc.

Unrestricted: Consists of Net Position that does not meet the definition of either of the above.

2. The Statement of Revenues, Expenses and Changes in Net Position, which is similar to an Income Statement. This Statement includes operating revenues, operating expenses, as well as non-operating revenues and expenses. The primary focus of the statement is the "Change in Net Position", which is similar to net income or loss.
3. The Statement of Cash Flows, which discloses net cash provided by, or used by, operating activities, non-capital financing activities, and from capital and related financing activities. This statement is designed to answer questions such as, where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

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

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Data. HUD has established Uniform Financial Reporting Standards that require Housing Authority's to submit financial statements electronically to HUD using the FDS format.

The Authority's overall financial position and operations for the past two years are summarized below based on information in the current and prior financial statements. The table below provides a condensed summary of the Authority's net position for the years ended June 30, 2019 and 2020.

For reporting purposes, inter-program "due to" and inter-program "due from" account balances are not presented, as they would have a zero net effect on the bottom line.

Statement of Net Position

Category	FY 2020	FY 2019	Increase (Decrease)	% Change
ASSETS				
Current Assets	\$ 1,664,220	\$ 1,831,922	\$ (167,702)	(9.15%)
Capital Assets-Net of Depreciation	<u>4,662,967</u>	<u>4,748,711</u>	<u>(85,744)</u>	<u>(1.81%)</u>
TOTAL ASSETS	<u>6,327,187</u>	<u>6,580,633</u>	<u>(253,446)</u>	<u>(3.85%)</u>
LIABILITIES				
Current Liabilities	150,066	134,430	15,636	11.63%
Long Term Liabilities	<u>8,390</u>	<u>6,875</u>	<u>1,515</u>	<u>22.04%</u>
TOTAL LIABILITIES	<u>158,456</u>	<u>141,305</u>	<u>17,151</u>	<u>12.14%</u>
NET POSITION				
Net Investment in Capital Assets	4,662,967	4,748,711	(85,744)	(1.81%)
Restricted (HAP Section 8)	13,780	9,147	4,633	50.65%
Unrestricted	<u>1,491,984</u>	<u>1,681,470</u>	<u>(189,486)</u>	<u>(11.27%)</u>
TOTAL NET POSITION	<u>6,168,731</u>	<u>6,439,328</u>	<u>(270,597)</u>	<u>(4.20%)</u>
 Expendable Fund Balance	 \$ <u>1,500,374</u>	 \$ <u>1,688,345</u>		
No. months expendable fund balance	<u>12.475</u>	<u>15.736</u>		

The Authority has sufficient excess funds to meet at least 6 months worth of expenses, not including housing assistance payments and depreciation expense. Number of months expendable fund balance is expendable fund balance of \$1,500,374 divided by monthly operating expenses of \$120,269. The expendable fund balance is the portion of the fund balance representing expendable available financial resources, that is, the unreserved and undesignated balance.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

In the current year, the Authority experienced a net decrease in capital assets of \$85,744. See "Capital Assets" section in the notes to the financial statements of the audit report and in this analysis, for detailed breakdown of change.

Restricted net assets consist of HAP equity set aside for Section 8 housing assistance only.

The following table reflects the condensed Statements of Revenues, Expenses and Changes in Net Position compared to prior year.

Statements of Revenues, Expenses and Changes in Net Position

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Operating Revenue				
Tenant Revenue	\$ 710,418	\$ 715,102	\$ (4,684)	(.66%)
Grants and Subsidies	951,645	927,974	23,671	2.55%
Other Income	56,666	161,767	(105,101)	(64.97%)
Total Operating Revenues	<u>1,718,729</u>	<u>1,804,843</u>	<u>(86,114)</u>	<u>(4.77%)</u>
Non Operating Revenue				
Investment Income	<u>28,807</u>	<u>22,248</u>	<u>6,559</u>	<u>29.48%</u>
Total Non-Operating Revenues	<u>28,807</u>	<u>22,248</u>	<u>6,559</u>	<u>29.48%</u>
Operating Expenses	<u>FY 2020</u>	<u>FY 2019</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Administration	301,813	280,385	21,428	7.64%
Tenant Services	140,401	85,017	55,384	65.14%
Utilities	185,924	173,702	12,222	7.04%
Ordinary Maintenance	681,300	618,513	62,787	10.15%
Insurance	76,969	73,265	3,704	5.06%
General	56,818	56,642	176	.31%
Housing Assistance Payment	340,171	349,539	(9,368)	(2.68%)
Depreciation	260,237	257,852	2,385	.92%
Total Operating Expenses	<u>2,043,633</u>	<u>1,894,915</u>	<u>148,718</u>	<u>7.85%</u>
Change in Net Position (Before Contributions & Transfers)	(296,097)	(67,824)	(228,273)	(336.57%)
Capital Grants	25,500	317,596	(292,096)	(91.97%)
Change in Net Position	(270,597)	249,772	(520,369)	(208.34%)
Total Net Position - Beginning	<u>6,439,328</u>	<u>6,189,556</u>	<u>249,772</u>	<u>4.04%</u>
Total Net Position - Ending	<u>\$ 6,168,731</u>	<u>\$ 6,439,328</u>	<u>\$ (270,597)</u>	<u>(4.20%)</u>

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

During the current fiscal year, the Housing Authority received funds for two separate Capital Fund Programs. See note J of this audit report for funds approved and expended to date for each program respectively. None of the Capital Fund Programs had any audit findings associated with them and no audit adjustments were necessary.

Capital Assets

The following table reflects the changes in capital assets from June 30, 2019 to June 30, 2020:

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Change</u>
Non-Depreciable Assets:			
Land	\$ 221,341	\$ 221,341	\$ 0
Construction in Progress	57,255	478,492	(421,237)
Depreciable Assets:			
Buildings	15,010,175	14,419,711	590,464
Furniture and Equipment	285,938	280,673	5,265
Accumulated Depreciation	<u>(10,911,741)</u>	<u>(10,651,504)</u>	<u>(260,237)</u>
Total	<u>\$ 4,662,968</u>	<u>\$ 4,748,713</u>	<u>\$ (85,745)</u>

The decrease in construction in progress from FY 2019, was due to two Capital Fund Programs (CFP 2016, CFP 2017) closing during FY 2020. Upon each programs closing, all amounts shown as "Construction in Progress" will close to the Low Rent Program and be shown as "Buildings".

Subsequent Events

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

Financial Contact

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:

Housing Authority of the City of Ada
Attn: Executive Director
P.O. Box 1622
Ada, Oklahoma 74820

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

STATEMENT OF NET POSITION

JUNE 30, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,516,119
Restricted cash & cash equivalents	42,330
Accounts receivable, net	25,525
Prepaid expenses	80,246
Inventory, net	0
Total Current Assets	<u>1,664,220</u>

Capital Assets

Land and other nondepreciable assets	278,596
Depreciable capital assets, net	4,384,371
Total Capital Assets	<u>4,662,967</u>

Total Assets **6,327,187**

LIABILITIES

Current liabilities

Accounts payable	30,430
Accrued liabilities	78,536
Payable from restricted cash and and cash equivalents:	
Tenant's security deposits	27,451
Unearned revenue	13,649
Total Current Liabilities	<u>150,066</u>

Noncurrent liabilities

Long Term Compensated Absences	8,390
Noncurrent Liabilities	<u>8,390</u>

Total Liabilities **158,456**

NET POSITION

Investment in capital assets	4,662,967
Restricted	13,780
Unrestricted	1,491,984
Total Net Position	<u>\$ 6,168,731</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

OPERATING REVENUES

Rental income	\$ 710,418
Other income	56,666
	<hr/>
TOTAL OPERATING REVENUE	767,084

OPERATING EXPENSES

Administrative	301,813
Tenant services	140,401
Utilities	185,924
Ordinary maintenance and operation	681,300
General expense	133,787
Housing assistance payments	340,171
Depreciation expense	260,237
	<hr/>
TOTAL OPERATING EXPENSES	2,043,633

OPERATING INCOME (LOSS) (1,276,549)

NONOPERATING REVENUES / (EXPENSE)

Federal operating grants	951,645
Interest income	28,807
	<hr/>
TOTAL NONOPERATING REVENUES / (EXPENSE)	980,452

Net income before capital contributions (296,097)

CAPITAL CONTRIBUTIONS 25,500

CHANGE IN NET POSITION (270,597)

TOTAL NET POSITION - BEGINNING OF YEAR 6,439,328

TOTAL NET POSITION - END OF YEAR \$ 6,168,731

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 780,092
Payments to vendors	(891,997)
Payments to landlords	(340,171)
Payments to employees	(536,102)
Net Cash (Used) by Operating Activities	<u>(988,178)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating and other grants received	<u>951,645</u>
Net Cash From Noncapital Financing Activities	<u>951,645</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received	25,500
Acquisition and construction of capital assets	<u>(174,493)</u>
Net Cash Flows Provided by (Used) Capital and Related Financing Activities	<u>(148,993)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>28,807</u>
Net Cash Flows Provided by Investing Activities	<u>28,807</u>

Net Increase (Decrease) in Cash and Cash Equivalents (156,719)

Cash - Beginning of year 1,715,168

Cash - End of year \$ 1,558,449

Reconciliation of Cash

Unrestricted	\$ 1,516,119
Restricted	42,330
	<u>\$ 1,558,449</u>

Continued

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(CONTINUED)

RECONCILIATION OF OPERATING (LOSS) TO
NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss)	\$ (1,276,549)
Adjustments to reconcile operating net income (loss) to net cash Provided by operating activities:	
Depreciation	260,237
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	13,008
Prepaid expenses	(2,025)
Inventory	0
Increase (Decrease) in:	
Accounts payable	24,218
Accrued liabilities	(14,013)
Unearned revenue	<u>6,946</u>
 Net Cash Flows Provided (Used) by Operating Activities	 \$ <u><u>(988,178)</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE A - Summary of Significant Accounting Policies and Organization:

Reporting Entity

The financial statements of the HOUSING AUTHORITY OF THE CITY OF ADA ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the HOUSING AUTHORITY OF THE CITY OF ADA, a primary government. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the HOUSING AUTHORITY OF THE CITY OF ADA include the following:

<u>Management:</u>	<u>Units</u>
Low-Income Public Housing	275
Section 8 Vouchers	<u>110</u>
	<u>385</u>

Basis of Presentation and Accounting: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following net position categories:

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

Restricted: Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

Budgets - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to actual presentation is not presented because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board. This budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of checking accounts and Certificates of Deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid cash deposits and cash equivalents with a maturity of three months or less when purchased and non-negotiable Certificates of Deposit to be cash equivalents. There were no non-cash investing, capital, non-capital and financing activities during the year.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Tenant Receivables - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepays represent payments made to vendors for services that will benefit beyond June 30, 2020.

Inventories - Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method.

Capital Assets - Capital assets purchased are recorded on the Statement of Net Position at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$1,000 or more. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of capital assets is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Building & Improvements	15-30 years
Furniture, Equipment & Machinery	3-7 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Restricted Assets - When both restricted (if any) and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, then restricted resources as they are needed.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

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

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Revenues associated with these leases are recorded in the financial statements and schedules as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At June 30, 2020, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

B. Credit Risk: This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(Continued)

NOTE B - Deposits and Cash and Cash Equivalents: (Continued)

C. **Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

The carrying amounts of the Authority's cash deposits were \$1,558,449 at June 30, 2020. Bank balances before reconciling items were \$1,594,390 at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name.

Deposits consist of the following:

Deposits in Bank	\$ 208,399
Certificates of Deposit	1,350,000
Petty Cash	50
Total	<u>\$ 1,558,449</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2020, consist of the following:

Tenant accounts receivable	\$ 9,249
Accrued interest receivable	<u>16,276</u>
Total	<u>\$ 25,525</u>

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2020, consist of the following:

Prepaid Insurance	\$ 52,698
Software Support	11,598
Employee Medical Insurance	10,805
Vendors	2,098
Elevator Maintenance	<u>3,047</u>
Total	<u>\$ 80,246</u>

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(Continued)

NOTE E - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 06/30/19	Increases	Decreases	Transfers	Ending Balance 06/30/20
Capital assets, not being depreciated:					
Land	\$ 221,341	\$ 0	\$ 0	\$ 0	\$ 221,341
Construction i Progress	<u>478,492</u>	<u> </u>	<u>0</u>	<u>(421,237)</u>	<u>57,255</u>
Total Capital Assets, Not being depreciated	<u>699,833</u>	<u> </u>	<u>0</u>	<u>(421,237)</u>	<u>278,596</u>
Capital Assets, being depreciated:					
Buildings					
Improvements	14,419,710	169,227	0	421,237	15,010,174
Furniture, Equipment & Machinery	<u>280,672</u>	<u>5,266</u>	<u>0</u>	<u>0</u>	<u>285,938</u>
Total Capital Assets, being depreciated	<u>14,700,382</u>	<u>174,493</u>	<u>0</u>	<u>421,237</u>	<u>15,296,112</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(10,471,499)	(233,190)	0	0	(10,704,689)
Furniture, Equipment and Machinery	<u>(180,005)</u>	<u>(27,047)</u>	<u>0</u>	<u>0</u>	<u>(207,052)</u>
Total Accumulated Depreciation:	<u>(10,651,504)</u>	<u>(260,237)</u>	<u>0</u>	<u>0</u>	<u>(10,911,741)</u>
Total Capital Assets, being depreciated, net	<u>4,048,878</u>	<u>(85,744)</u>	<u>0</u>	<u>421,237</u>	<u>4,384,371</u>
Capital Assets, Net	<u>\$4,748,711</u>	<u>\$ (85,744)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,662,967</u>

There were \$1,194,113 of capital funds approved and not drawn down at June 30, 2020.

Depreciation expense of \$260,237 was incurred during the year.

NOTE F - Accounts Payable:

Accounts payable at June 30, 2020, consist of the following:

Vendors' accounts payable	<u>\$ 30,430</u>
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HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(Continued)

NOTE G - Accrued Liabilities:

Accrued liabilities at June 30, 2020, consist of the following:

Accrued compensated absences-current portion	\$ 12,802
Payroll taxes payable	12,749
Other current Liabilities	1,099
Other current Liabilities - PILOT	51,886
Total	<u>\$ 78,536</u>

NOTE H - Unearned Revenues:

Unearned Revenues at June 30, 2020, consist of the following:

Prepaid Rent	<u>\$ 13,649</u>
--------------	------------------

NOTE I - Noncurrent liabilities:

Noncurrent liabilities at June 30, 2020, consist of the following:

	06/30/19	Additions	Deletions	06/30/20	Current Portion	Total Due
Accrued compensated absences	\$ 10,205	\$ 0	\$ 1,815	\$ 8,390	\$12,802	\$ 21,192

NOTE J - Commitments and Contingencies:

Litigation: At June 30, 2020, the Authority was not involved in any threatened litigation. The Authority has not used an attorney.

Grants and Contracts: The Authority participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of June 30, 2020.

Capital Fund: The Authority receives capital funding each year for ongoing capital improvements and repairs and maintenance.

At June 30, 2020, the Authority had pending construction projects in progress. The commitments related to these projects are summarized as follows:

CFP 501-18 Funds Approved \$ 420,129	Funds Expended-Project to date \$ 77,387
CFP 501-19 Funds Approved \$ 439,067	Funds Expended-Project to date \$ 57,208

Contingencies: The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. There were no examination during the year ended June 30, 2020.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(Continued)

NOTE K - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended June 30, 2020 were as follows:

Low Rent Public Housing	\$ 498,512
Housing Choice Voucher	394,824
Capital Fund Program	49,561
Cares Act Funds	<u>8,748</u>
Total	<u>\$ 951,645</u>

NOTE L - Capital Contributions:

The Authority received capital grants from HUD for capital fund program improvements. Federal Capital grants for the fiscal year ended June 30, 2020 were \$25,500.

NOTE M - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management, which includes public officials, workman's compensation, property, and auto insurance. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

The Authority participates in public entity risk pools Housing Authority Risk Retention Group for general liability, and Directors' and Officers' liability and Workman's Compensation. Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

NOTE N - Economic Dependency:

The Authority receives approximately 55% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE O - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority.

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(Continued)

NOTE P - Defined Contribution Plan:

The Authority provides benefits for all of its full-time employees through a defined contribution plan with American Funds. The Plan administrator has complete control of the administration of the plan, including complete discretions to interpret or construe the provisions of the Plan and under which contributions are established or may be amended.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires the Authority to contribute 8.5% of covered wages. Benefits are fully vested at the end of 5 years of service. The following information related to the defined contribution plan at June 30, 2020.

Total payroll	\$ 482,695
Total payroll for eligible participants	\$ 472,579
Employer contributions made	\$ 38,750

The Authority's contributions were calculated using the base salary amount of \$472,579. The Authority and the employees made the required contributions, amounting to \$38,750 and \$10,116.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(Continued)

NOTE Q - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through June 7, 2021 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

COMBINING SCHEDULE OF PROGRAM NET POSITION
JUNE 30, 2020

	Annual Contributions (
	FW-953	FW-953
	Low	
	Income	Capital
	Public	Fund
	Housing	Programs
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 1,495,507	\$ 0
Restricted cash & cash equivalents	28,550	0
Accounts receivable, net	25,525	0
Interprogram due from	0	0
Prepaid expenses	80,246	0
Inventory, net	0	0
Total Current Assets	1,629,828	0
<u>Capital Assets</u>		
Land and other nondepreciable assets	278,596	0
Depreciable capital assets, net	4,384,371	0
Total Capital Assets	4,662,967	0
Total Assets	6,292,795	0
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	30,430	0
Accrued liabilities	78,536	0
Interprogram due to	0	0
Payable from restricted cash and and cash equivalents:		
Tenants security deposits	27,451	0
Unearned revenue	13,649	0
Total Current Liabilities	150,066	0
<u>Noncurrent Liabilities</u>		
Long Term Compensated Absences	8,390	0
Total Long Term Liabilities	8,390	0
Total liabilities	158,456	0
<u>NET POSITION</u>		
Investment in capital assets	4,662,967	0
Restricted	0	0
Unrestricted	1,471,372	0
Total Net Position	\$ 6,134,339	\$ 0

Contracts

OK024

Section 8

Cares Act

Housing Choice

Vouchers

Interprogram

Elimination

Total

\$	20,612	\$	0	\$	1,516,119
	13,780		0		42,330
	0		0		25,525
	0		0		0
	0		0		80,246
	0		0		0
	<u>34,392</u>		<u>0</u>		<u>1,664,220</u>
	0		0		278,596
	0		0		4,384,371
	<u>0</u>		<u>0</u>		<u>4,662,967</u>
	<u>34,392</u>		<u>0</u>		<u>6,327,187</u>
	0		0		30,430
	0		0		78,536
	0		0		0
	0		0		27,451
	0		0		13,649
	<u>0</u>		<u>0</u>		<u>150,066</u>
	0		0		8,390
	<u>0</u>		<u>0</u>		<u>8,390</u>
	<u>0</u>		<u>0</u>		<u>158,456</u>
	0		0		4,662,967
	13,780		0		13,780
	20,612		0		1,491,984
\$	<u>34,392</u>	\$	<u>0</u>	\$	<u>6,168,731</u>

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Annual Contributions (C	
	FW-953	FW-953
	Low	
	Income	Capital
	Public	Fund
	Housing	Programs
<u>OPERATING REVENUES</u>		
Rental income	\$ 710,418	\$ 0
Other income	56,566	0
TOTAL OPERATING REVENUE	766,984	0
<u>OPERATING EXPENSES</u>		
Administrative	253,026	0
Tenant services	140,401	0
Utilities	185,924	0
Protective services	0	0
Ordinary maintenance and operation	681,300	0
General expense	132,642	0
Housing assistance payments	0	0
Depreciation expense	260,237	0
TOTAL OPERATING EXPENSES	1,653,530	0
OPERATING INCOME (LOSS)	(886,546)	0
<u>NONOPERATING REVENUES / (EXPENSE)</u>		
Federal operating grants	507,260	49,561
Other grants	0	0
Interest income	28,782	0
TOTAL NONOPERATING REVENUES / (EXPENSE)	536,042	49,561
Net income before capital contributions	(350,504)	49,561
CAPITAL CONTRIBUTIONS	0	25,500
CHANGE IN NET POSITION	(350,504)	75,061
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	6,409,782	0
Operating transfers	75,061	(75,061)
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	6,484,843	(75,061)
TOTAL NET POSITION - END OF YEAR	\$ 6,134,339	\$ 0

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<u>Contracts</u>		
<u>OK024</u>		
Section 8		
Cares Act		
Housing Choice		
<u>Vouchers</u>	<u>Elimination</u>	<u>Total</u>
\$ 0	\$ 0	\$ 710,418
100	0	56,666
<u>100</u>	<u>0</u>	<u>767,084</u>
48,787	0	301,813
0	0	140,401
0	0	185,924
0	0	0
0	0	681,300
1,145	0	133,787
340,171	0	340,171
0	0	260,237
<u>390,103</u>	<u>0</u>	<u>2,043,633</u>
<u>(390,003)</u>	<u>0</u>	<u>(1,276,549)</u>
394,824	0	951,645
0	0	0
25	0	28,807
<u>394,849</u>	<u>0</u>	<u>980,452</u>
<u>4,846</u>	<u>0</u>	<u>(296,097)</u>
0	0	25,500
<u>4,846</u>	<u>0</u>	<u>(270,597)</u>
29,546	0	6,439,328
0	0	0
<u>29,546</u>	<u>0</u>	<u>6,439,328</u>
<u>\$ 34,392</u>	<u>\$ 0</u>	<u>6,168,731</u>

Housing Authority of the City of Ada (OK024)
ADA, OK

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$145,507	\$20,612			\$166,119	\$166,119
112 Cash - Restricted - Modernization and Development	\$0				\$0	\$0
113 Cash - Other Restricted	\$1,099	\$13,780			\$14,879	\$14,879
114 Cash - Tenant Security Deposits	\$27,451				\$27,451	\$27,451
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$174,057	\$34,392	\$0	\$0	\$208,449	\$208,449
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects						
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants	\$9,249				\$9,249	\$9,249
126.1 Allowance for Doubtful Accounts - Tenants	\$0				\$0	\$0
126.2 Allowance for Doubtful Accounts - Other						
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable	\$16,276				\$16,276	\$16,276
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$25,525	\$0	\$0	\$0	\$25,525	\$25,525
131 Investments - Unrestricted	\$1,350,000				\$1,350,000	\$1,350,000
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets	\$80,246				\$80,246	\$80,246
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$1,629,828	\$34,392	\$0	\$0	\$1,664,220	\$1,664,220
161 Land	\$221,341				\$221,341	\$221,341
162 Buildings	\$15,010,174				\$15,010,174	\$15,010,174
163 Furniture, Equipment & Machinery - Dwellings						
164 Furniture, Equipment & Machinery - Administration	\$285,938				\$285,938	\$285,938
165 Leasehold Improvements						
166 Accumulated Depreciation	-\$10,911,741				-\$10,911,741	-\$10,911,741
167 Construction in Progress	\$57,255				\$57,255	\$57,255
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,662,967	\$0	\$0	\$0	\$4,662,967	\$4,662,967
171 Notes, Loans and Mortgages Receivable - Non-Current						
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due						
173 Grants Receivable - Non Current						
174 Other Assets						
176 Investments in Joint Ventures						
180 Total Non-Current Assets	\$4,662,967	\$0	\$0	\$0	\$4,662,967	\$4,662,967
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$6,292,795	\$34,392	\$0	\$0	\$6,327,187	\$6,327,187
311 Bank Overdraft						
312 Accounts Payable <= 90 Days	\$30,430				\$30,430	\$30,430
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable	\$12,749				\$12,749	\$12,749
322 Accrued Compensated Absences - Current Portion	\$12,802				\$12,802	\$12,802
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government	\$51,886				\$51,886	\$51,886
341 Tenant Security Deposits	\$27,451				\$27,451	\$27,451

342 Unearned Revenue	\$13,649				\$13,649	\$13,649
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue						
344 Current Portion of Long-term Debt - Operating Borrowings						
345 Other Current Liabilities	\$1,099				\$1,099	\$1,099
346 Accrued Liabilities - Other						
347 Inter Program - Due To						
348 Loan Liability - Current						
310 Total Current Liabilities	\$150,066	\$0	\$0	\$0	\$150,066	\$150,066
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue						
352 Long-term Debt, Net of Current - Operating Borrowings						
353 Non-current Liabilities - Other						
354 Accrued Compensated Absences - Non Current	\$8,390				\$8,390	\$8,390
355 Loan Liability - Non Current						
356 FASB 5 Liabilities						
357 Accrued Pension and OPEB Liabilities						
350 Total Non-Current Liabilities	\$8,390	\$0	\$0	\$0	\$8,390	\$8,390
300 Total Liabilities	\$158,456	\$0	\$0	\$0	\$158,456	\$158,456
400 Deferred Inflow of Resources						
508.4 Net Investment in Capital Assets	\$4,662,967				\$4,662,967	\$4,662,967
511.4 Restricted Net Position		\$13,780	\$0		\$13,780	\$13,780
512.4 Unrestricted Net Position	\$1,471,372	\$20,612	\$0	\$0	\$1,491,984	\$1,491,984
513 Total Equity - Net Assets / Position	\$6,134,339	\$34,392	\$0	\$0	\$6,168,731	\$6,168,731
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$6,292,795	\$34,392	\$0	\$0	\$6,327,187	\$6,327,187

Housing Authority of the City of Ada (OK024)
 ADA, OK

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2020

	Project Total	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.PHC Public Housing CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue	\$704,785				\$704,785	\$704,785
70400 Tenant Revenue - Other	\$5,633				\$5,633	\$5,633
70500 Total Tenant Revenue	\$710,418	\$0	\$0	\$0	\$710,418	\$710,418
70600 HUD PHA Operating Grants	\$556,821	\$386,076	\$8,748		\$951,645	\$951,645
70610 Capital Grants	\$25,500				\$25,500	\$25,500
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue						
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$28,782	\$25			\$28,807	\$28,807
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery	\$0	\$100			\$100	\$100
71500 Other Revenue	\$56,566	\$0			\$56,566	\$56,566
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted						
70000 Total Revenue	\$1,378,087	\$386,201	\$8,748	\$0	\$1,773,036	\$1,773,036
91100 Administrative Salaries	\$134,924	\$25,416	\$8,748		\$169,088	\$169,088
91200 Auditing Fees	\$6,800				\$6,800	\$6,800
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing	\$736	\$26			\$762	\$762
91500 Employee Benefit contributions - Administrative	\$48,801	\$14,267			\$63,068	\$63,068
91600 Office Expenses	\$46,849	\$0			\$46,849	\$46,849
91700 Legal Expense	\$58				\$58	\$58
91800 Travel	\$1,642				\$1,642	\$1,642
91810 Allocated Overhead						
91900 Other	\$2,228	\$330			\$2,558	\$2,558
91000 Total Operating - Administrative	\$242,038	\$40,039	\$8,748	\$0	\$290,825	\$290,825
92000 Asset Management Fee						
92100 Tenant Services - Salaries	\$105,100				\$105,100	\$105,100
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services	\$34,801				\$34,801	\$34,801
92400 Tenant Services - Other	\$500				\$500	\$500
92500 Total Tenant Services	\$140,401	\$0	\$0	\$0	\$140,401	\$140,401
93100 Water	\$58,074				\$58,074	\$58,074
93200 Electricity	\$85,451				\$85,451	\$85,451
93300 Gas	\$29,989				\$29,989	\$29,989
93400 Fuel						
93500 Labor						
93600 Sewer	\$12,410				\$12,410	\$12,410
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense	\$0				\$0	\$0
93000 Total Utilities	\$185,924	\$0	\$0	\$0	\$185,924	\$185,924
94100 Ordinary Maintenance and Operations - Labor	\$208,505				\$208,505	\$208,505
94200 Ordinary Maintenance and Operations - Materials and Other	\$132,842				\$132,842	\$132,842
94300 Ordinary Maintenance and Operations Contracts	\$244,512				\$244,512	\$244,512
94500 Employee Benefit Contributions - Ordinary Maintenance	\$95,441				\$95,441	\$95,441
94000 Total Maintenance	\$681,300	\$0	\$0	\$0	\$681,300	\$681,300
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						

95300 Protective Services - Other						
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$51,843				\$51,843	\$51,843
96120 Liability Insurance	\$11,775	\$560			\$12,335	\$12,335
96130 Workmen's Compensation	\$7,682	\$585			\$8,267	\$8,267
96140 All Other Insurance	\$4,524				\$4,524	\$4,524
96100 Total Insurance Premiums	\$75,824	\$1,145	\$0	\$0	\$76,969	\$76,969
96200 Other General Expenses	\$4,932				\$4,932	\$4,932
96210 Compensated Absences	\$10,988				\$10,988	\$10,988
96300 Payments in Lieu of Taxes	\$51,886				\$51,886	\$51,886
96400 Bad debt - Tenant Rents						
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$67,806	\$0	\$0	\$0	\$67,806	\$67,806
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,393,293	\$41,184	\$8,748	\$0	\$1,443,225	\$1,443,225
97000 Excess of Operating Revenue over Operating Expenses	-\$15,206	\$345,017	\$0	\$0	\$329,811	\$329,811
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments		\$340,171			\$340,171	\$340,171
97350 HAP Portability-in						
97400 Depreciation Expense	\$260,237				\$260,237	\$260,237
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$1,653,530	\$381,355	\$8,748	\$0	\$2,043,633	\$2,043,633
10010 Operating Transfer In						
10020 Operating transfer Out						
10030 Operating Transfers from/to Primary Government						
10040 Operating Transfers from/to Component Unit						
10050 Proceeds from Notes, Loans and Bonds						
10060 Proceeds from Property Sales						
10070 Extraordinary Items, Net Gain/Loss						
10080 Special Items (Net Gain/Loss)						
10091 Inter Project Excess Cash Transfer In						
10092 Inter Project Excess Cash Transfer Out						
10093 Transfers between Program and Project - In						
10094 Transfers between Project and Program - Out						
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$275,443	\$4,846	\$0	\$0	-\$270,597	-\$270,597
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$6,409,782	\$29,546	\$0	\$0	\$6,439,328	\$6,439,328
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0				\$0	\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity		\$20,612			\$20,612	\$20,612
11180 Housing Assistance Payments Equity		\$13,780			\$13,780	\$13,780
11190 Unit Months Available	3300	1320			4620	4620
11210 Number of Unit Months Leased	3045	821			3866	3866
11270 Excess Cash	\$1,286,440				\$1,286,440	\$1,286,440

11610 Land Purchases	\$0				\$0	\$0
11620 Building Purchases	\$169,226				\$169,226	\$169,226
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$5,265				\$5,265	\$5,265
11650 Leasehold Improvements Purchases	\$0				\$0	\$0
11660 Infrastructure Purchases	\$0				\$0	\$0
13510 CFFP Debt Service Payments	\$0				\$0	\$0
13901 Replacement Housing Factor Funds	\$0				\$0	\$0

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants, revenue and gains and losses on the disposal of capital assets in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HUD</u>				
OK024	Low Rent Public Housing Housing Voucher Cluster	14.850	\$ 507,260	\$ 507,260
OK024	Section 8 Housing Choice Vouchers	14.871	386,076	386,076
OK024	Public Housing Capital Fund	14.872	859,196	75,061
OK024	Vouchers Cares Act Funding	14 HCC	<u>8,748</u>	<u>8,748</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,761,280</u>	<u>\$ 977,145</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Housing Authority of the City of Ada under programs of the federal government for the year ended June 30, 2020. 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 Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Housing Authority of the City of Ada, it is not intended to and does not present the financial position, changes in net position or cash flow of Housing Authority of the City of Ada.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting as described in Note A. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Housing Authority of the City of Ada has elected to not use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

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*

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Ada
P.O. Box 1622
Ada, OK 74821

I 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 Ada, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Ada's basic financial statements and have issued my report thereon dated June 7, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Ada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Ada's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Ada's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Ada's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express

such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose Of This Report

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 7, 2021

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over
Compliance Required by Uniform Guidance

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Ada
P.O. Box 1622
Ada, OK 74821

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Ada'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 Ada's major federal programs for the year ended June 30, 2020. The Housing Authority of the City of Ada's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance with each of the Housing Authority of the City of Ada's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Ada's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Housing Authority of the City of Ada's compliance.

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Ada, complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Ada is responsible for establishing and maintaining effective internal control over the type of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Housing Authority of the City of Ada's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit

procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Ada's internal control over compliance.

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, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 7, 2021

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

JUNE 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

~ Material weakness(es) identified? yes X no
~ Significant deficiency(s) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major federal programs:

~ Material weakness(es) identified? yes X no
~ Significant deficiency(s) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Housing Choice Voucher Cluster
	Housing Choice Voucher

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

HOUSING AUTHORITY OF THE CITY OF ADA
Ada, Oklahoma

JUNE 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

PRIOR AUDIT FINDINGS

There were no Prior Year matters reported.

CURRENT YEAR FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Goldie Roberts

Certified Public Accountant

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June 7, 2021

Board of Commissioners
Housing Authority of the City of Ada
P.O. Box 1622
Ada, OK 74821

In planning and performing my audit of the financial statements of the Housing Authority of the City of Ada as of and for the year ended June 30, 2020, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. This letter does not affect my report dated June 30, 2021 on the financial statements of the Authority.

I will review the status of the comments during my next audit engagement. I have already discussed the comment and suggestion with Authority personnel, and will be pleased to discuss the comments in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation. My comments are summarized as follows:

1. CONDITION: JOURNAL VOUCHERS

A review of the accountant's journal entries and the financial statements is not documented.

RECOMMENDATION:

The Authority should review and sign off on each month's journal entries and financial statements.

2. CONDITION: INVENTORY

The Authority did not take a yearend inventory. The value was not recorded. The difference is not material.

RECOMMENDATION:

The Authority should take an inventory at yearend and then get the information to the accountant to be recorded in the financial statements.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Goldie Roberts

Goldie Roberts
Certified Public Accountant