

**CHEYENNE AND ARAPAHO TRIBES
DEPARTMENT OF HOUSING
Clinton, Oklahoma**

**REPORT ON AUDIT OF BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND SINGLE AUDIT**

FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cheyenne and Arapaho Tribes Department of Housing
Clinton, Oklahoma

U.S. Dept of HUD
Region # 6 SPONAP
301 NW 6th Street, Suite 200
Oklahoma City, OK 73102

Opinions

We have audited the accompanying financial statements of the business-type activities of the Cheyenne and Arapaho Tribes Department of Housing (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority'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 business-type activities of the Authority 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 Authority 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Authority'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 Responsibilities 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 opinions. 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 generally accepted 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 generally accepted 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 on the effectiveness of the Authority'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 Authority'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's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Authority's basic financial statements. The combining financial statements, Financial Data Schedule, and the other Supplementary Information as listed in the table of contents 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 was 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 auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.



DeBary, Florida
October 24, 2024

Malcolm Johnson & Company, P.A.
Certified Public Accountants

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

This Section of the Cheyenne and Arapaho Tribes Department of Housing (Authority) annual financial report represents our discussion and analysis of Authority's financial performance during the fiscal year ended on December 31, 2022. Please read it in conjunction with the Authority's financial statements, which follow this section. All financial reports are disclosed in the financial statements.

Financial Highlights

Authority plans to provide Indian Housing Assistance through on-going operating assistance, on-going maintenance by work orders, inspection for rental units, inspection for homebuyer units and on-going grounds maintenance, and provide modernization of units.

Authority also provides homeownership opportunities through acquisition of existing homes and new construction, and through housing counseling assistance.

Authority will continue to provide on-going assessment and evaluation to improve and upgrade office equipment, software for computer system. The Authority will provide adequate staffing and staff training, provide routine monitoring and oversight of housing activities.

Overview of the Financial Statements

This annual report includes this Management & Discussion Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. The Authority's financial statements are presented as fund financial statements because the Authority only has proprietary funds. The basic financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. These statements offer short-term and long-term financial information about the Authority's activities

Required Financial Statements

The *Statement of Net Position* includes the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

The *Statement of Revenues, Expenses, and Changes in Net Position* records all revenue (income) and expenses. This statement measures the success of the Authority's operations over the past year and can be used to determine whether Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

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

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide data that are more detailed.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(Continued)

Cheyenne and Arapaho Tribes Department of Housing Programs:

Indian Housing Block Grant: Under the IHBG Program, Authority rents units that it owns to low-income households. The Housing Program is operated under a contract with HUD, and HUD provides funding to enable Authority to provide the housing at a rent that is based upon 30% household income. The IHBG program also includes monies for physical and management improvements to Authority's properties and new construction activities. NAHASDA meets housing needs for low-income Native American families by maintaining, acquiring and constructing housing units. Enrolled Cheyenne & Arapaho Tribal members have first priority for those who are within our jurisdictional boundaries.

Mutual Self-Help Program: Provides homeownership for families. Charges are based upon 15% of adjusted monthly income, with a maximum payment of the debt amortization of the unit.

Financial Analysis

Net Position may serve, over time, as a useful indicator of Authority's financial position.

Statement of Net Position

	FY 2022	FY 2021	Variance
Current Assets	\$ 8,450,627	\$ 7,171,148	\$ 1,279,479
Non-Current Assets	17,771,642	18,223,592	(451,950)
Total Current Assets	26,222,269	25,394,740	827,529
Current Liabilities	2,331,332	969,322	1,362,010
Other Liabilities	2,905,932	3,243,527	(337,595)
Total Liabilities	5,237,264	4,212,849	1,024,415
Net Position			
Net Investment in Capital Assets	4,652,776	4,660,551	(7,775)
Restricted	13,118,865	13,563,041	(444,176)
Unrestricted	3,213,364	2,958,299	255,065
Total Net Position	\$20,985,005	\$ 21,181,891	\$ (196,886)
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$26,222,269	\$ 25,394,740	\$ 827,529

As stated in the table above, assets exceeded liabilities by \$20,985,005 at the close of the year ended December 31, 2022 slightly down from \$21,181,891 in 2021.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(Continued)

Financial Analysis (Continued)

While the Statement of Net Position shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

Statement of Revenues, Expenses, and Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
Revenue:			
Rental & Other Revenue	\$ 1,080,846	\$ 194,953	\$ 885,893
HUD & Other Governmental Grants	5,663,524	7,049,571	(1,386,047)
Total Revenue	<u>6,744,370</u>	<u>7,244,524</u>	<u>(500,154)</u>
Expenses:			
Planning & Administrative	762,028	395,159	366,869
Tenant Services	373,046	187,511	185,535
Utilities	133,885	-	133,885
Ordinary Maintenance & Operations	2,055,140	1,950,252	104,888
Protective Services	-	92,851	(92,851)
General Expenses	2,541,951	4,155,483	(1,613,532)
Insurance	89,484	-	89,484
Depreciation & Amortization	985,722	844,582	141,140
Total Operating Expenses	<u>6,941,256</u>	<u>7,625,838</u>	<u>(684,582)</u>
Income (Loss) before transfers	<u>(196,886)</u>	<u>(381,314)</u>	<u>184,428</u>
Transfers from (to) other programs	<u>-</u>	<u>76,655</u>	<u>(76,655)</u>
Increase (decrease) in Net Position	<u>(196,886)</u>	<u>(304,659)</u>	<u>107,773</u>
Net position, beginning of year	<u>21,181,891</u>	<u>21,486,550</u>	<u>(304,659)</u>
Net position, end of year	<u>\$ 20,985,005</u>	<u>\$ 21,181,891</u>	<u>\$ (196,886)</u>

Both total Operating expenses and Other governmental grants decreased.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022
(Continued)

Capital Asset Net of Accumulated Depreciation

	<u>Total 2021</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Total 2022</u>
Non-depreciable assets:				
Land	\$ 728,396	\$ 17,778	\$ 307,885	\$ 1,054,059
Total non-depreciable	<u>728,396</u>	<u>17,778</u>	<u>307,885</u>	<u>1,054,059</u>
Depreciable assets:				
Buildings & Improvements	5,638,194	146,387	(322,832)	5,461,749
Equipment	1,538,629	107,540	-	1,646,169
Total Depreciable Assets	<u>7,176,823</u>	<u>253,927</u>	<u>(322,832)</u>	<u>7,107,918</u>
Total Capital Assets	<u>7,905,219</u>	<u>271,705</u>	<u>(14,947)</u>	<u>8,161,977</u>
Less Accumulated Depreciation	(3,244,668)	(278,833)	14,300	(3,509,201)
Capital Assets, net	<u>\$ 4,660,551</u>	<u>\$ (7,128)</u>	<u>\$ (647)</u>	<u>\$ 4,652,776</u>

Long-Term Debt

The Authority no longer carries any long-term debt.

Anticipated Significant Changes

There are no known facts, decisions or changes in conditions which will have a significant effect on the financial position (Net Position) or results of operations of the Authority.

Economic Factors

The Authority is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the federal budget. A few local economic conditions that may affect the Authority are the local labor, which can affect salary and wage rates, local recession and employments, which can affect incomes and local utility rates.

Contacting the Authority's Financial Management

This financial report is designed to provide our Tribe, Housing Committee Members and HUD with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information,

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2022

ASSETS

Current assets

Cash and cash equivalents, unrestricted	\$ 1,835,257
Cash and cash equivalents, restricted	2,060,385
Investments, unrestricted	1,171,268
Accounts receivable, net of allowance	147,737
Due from other governments	3,044,127
Prepaid expense	191,853
Total current assets	8,450,627

Noncurrent assets

Other assets

Assets held for conveyance	13,118,866
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Capital assets

Not being depreciated	1,054,059
Depreciable, net	3,598,717

Total capital assets, net	4,652,776
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Total noncurrent assets	17,771,642
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Total assets	26,222,269
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Deferred Outflow of Resources	-
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Total Assets and Deferred Outflow of Resources	26,222,269
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LIABILITIES

Current liabilities

Vendors and contractors payable	102,983
Accrued wages/taxes payable	14,104
Accrued compensated absences	38,575
Unearned revenue	2,161,123
Other current liabilities	12,122
Resident security deposits	2,425
Total current liabilities	2,331,332

Noncurrent liabilities

Other accrued liabilities	2,905,932
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Total liabilities	5,237,264
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Deferred Inflow of Resources	-
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Total Liabilities and Deferred Inflow of Resources	5,237,264
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NET POSITION

Net investment in capital assets	4,652,776
Restricted	13,118,865
Unrestricted	3,213,364

Total net position	\$ 20,985,005
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The accompanying notes are an integral part of these basic financial statements.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

Operating revenues	
Rental revenue	\$ 263,880
HUD grants	4,422,702
Other governmental grants	1,240,822
Other revenue	816,966
Total operating revenues	6,744,370
Operating expenses	
Administrative	762,028
Tenant services	373,046
Utilities	133,885
Ordinary maintenance & operation	2,055,140
Insurance	89,484
General expenses	2,541,951
Amortization	706,888
Depreciation	278,834
Total operating expenses	6,941,256
Increase (decrease) in net position	(196,886)
Net position, beginning of year	21,181,891
Net position, end of year	\$ 20,985,005

The accompanying notes are an integral part of these basic financial statements.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities

Receipts from dwelling rentals	\$ (898,683)
Operating grants	7,707,961
Other receipts	(485,372)
Payments to employees and suppliers	(4,695,415)
Payments to landlords and residents	(373,046)
Net cash provided (used) by operating activities	<u>1,255,445</u>

Cash Flows From Capital and Related Financing Activities

Purchases of capital assets	(271,705)
Gain or loss on disposition of capital assets	647
Net cash provided (used) by capital and related financing activities	<u>(271,058)</u>

Cash Flows From Investing Activities

Proceeds from sale of investments	519,537
Proceeds from homebuyer note activity - net	444,174
Net cash provided (used) by investing activities	<u>963,711</u>

Net increase (decrease) in cash and cash equivalents	1,948,098
Balance - beginning of the year	<u>1,947,544</u>
Balance - end of the year	<u>\$ 3,895,642</u>

Reconciliation of Cash Flows to Statement of Net Position

Cash and cash equivalents, unrestricted	\$ 1,835,257
Cash and cash equivalents, restricted	<u>2,060,385</u>
	<u>\$ 3,895,642</u>

There are no non-cash transactions.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

Reconciliation of Net Operating Income (Loss) to
Net Cash Provided (Used) By Operating Activities

Operating income/(loss)	\$ (196,886)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:	
Depreciation elimination	278,834
Decrease in accounts receivable	110,546
Decrease in due to/from other governments	4,701
Decrease in prepaid expenses	33,835
Increase in security deposits	225
Decrease in accounts payable	(74,973)
Increase in accrued wages	14,104
Decrease in accrued compensated absences	(16,590)
Increase in unearned revenue	1,444,286
Increase in accrued liabilities	(342,637)
	<u><u>\$ 1,255,445</u></u>

The accompanying notes are an integral part of these basic financial statements.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

A - Summary of Significant Accounting Policies and Organization:

- 1. Organization:** Cheyenne and Arapaho Tribes Department of Housing (“the Authority”) is a public body corporate and politic pursuant to the Laws of the State of Oklahoma which was organized to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the U.S. Department of Housing and Urban Development (HUD) and other federal agencies.
- 2. Reporting Entity:** In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Governmental Accounting and Financial Reporting Standards and Statement No. 14, (amended) of the Governmental Accounting Standards Board: The Financial Reporting Entity*. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity has no component units.

The basic financial statements of the Authority include Low Rent and Homeownership Indian Housing and NAHASDA funding in support of these housing programs through affordable housing.

- 3. Summary of NAHASDA and Other Authority Programs:** The accompanying basic financial statements consist of the activities of the housing programs subsidized by HUD and Mutual Help Homeownership Programs.
- 4. Basis of Presentation and Accounting:** In accordance with uniform financial reporting standards for HUD housing programs, the basic financial statements are prepared in accordance with U. S. generally accepted accounting principles (GAAP).

Based upon compelling reasons offered by HUD, the Authority reports its basic financial statements as a special purpose government engaged solely in business-type activities, which is similar to the governmental proprietary fund type (Enterprise Fund), which uses the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

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

Net 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.

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 they expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

4. Basis of Presentation and Accounting: (Continued)

Unrestricted – Net position that is 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.

- 5. 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. Budgets are not, however, legally adopted nor legally required for basic financial statement presentation.
- 6. Cash and Cash Equivalents:** For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable Certificates of Deposit to be cash equivalents. There were no noncash investing, capital and financing activities during the year.
- 7. Interprogram Receivables and Payables:** Interprogram receivables/payables, when present, are all current, and are the result of the use of the Public Housing Program as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all interprogram balances net zero. Offsetting due to/due from balances are eliminated for the basic financial statement presentation.
- 8. Investments:** Investments, when present, are recorded at fair value. Investment instruments consist only of items specifically approved for public housing agencies by HUD. Investments are either insured or collateralized using the dedicated method. Under the dedicated method of collateralization, all deposits and investments over the federal depository insurance coverage are collateralized with securities held by the Authority’s agent in the Authority’s name. It is the Authority’s policy that all funds on deposit are collateralized in accordance with both HUD requirements and requirements of the State of Oklahoma.
- 9. Inventories:** The Authority maintains no inventory of expendable items. All supplies are expensed when purchased. Supplies on hand are minimal. The Authority’s administration believes that the benefits of maintaining an inventory would be less in value than the cost of maintaining such a system.
- 10. Prepaid Items:** Payments made to vendors for goods or services that will benefit periods beyond the fiscal year end are recorded as prepaid items.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

- 11. Inventory Held For Sale:** Units constructed or purchased by the Authority and made available for sale, using a 25 year payment plan, to eligible low-income program participants. The HUD Mutual Help Ownership Program (Mutual Help) requires the Authority to amortize the value of the inventory over 25 years and to apply the amortization to the contracted purchase price. The terms of the lease are governed by the Mutual Help Occupancy Agreement (MHOA) between the homebuyer and the Authority. The inventory is considered a noncurrent asset because the units are not available to help finance the Authority's operations in the short-term and cannot be mortgaged, sold, or disposed of, in any manner that would violate the terms of the MHOA.
- 12. Use of Estimates:** The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles 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 basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.
- 13. Fair Value of Financial Instruments:** The carrying amount of the Authority's financial instruments at December 31, 2022, including cash, investments, accounts receivable, and accounts payable closely approximates fair value.
- 14. Capital Assets:**
- a. Book Value:** All purchased fixed assets are valued at cost when historical records are available. When no historical records are available, fixed assets are valued at estimated historical cost.
- Land values were derived from development closeout documentation.
- Donated fixed assets are recorded at their fair value at the time they are received.
- Donor imposed restrictions are deemed to expire as the asset depreciates.
- All normal expenditures of preparing an asset for use are capitalized when they meet or exceed the capitalization threshold.
- b. Depreciation:** The cost of buildings and equipment is depreciated over the estimated useful lives of the related assets on a composite basis using the straight-line method.
- Depreciation commences on modernization and development additions in the year following completion.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

14. Capital Assets: (Continued)

b. Depreciation: (Continued)

The useful lives of buildings and equipment for purposes of computing depreciation are as follows:

Buildings	40 years
Building modernization	20 years
Furniture, Equipment, Vehicles	5 years

c. Maintenance and Repairs Expenditures: Maintenance and repairs expenditures are charged to operations when incurred. Betterments in excess of \$5,000 are capitalized. When buildings and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

d. Impairment of long-lived assets: The Authority reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the year ended December 31, 2022.

15. Homebuyer Program Deferred Monthly Equity Payments: Payments in excess of the administrative fees received from participants in the Mutual Help Program are recorded as deferred monthly equity payments. When the participants' deferred payments equal the net cost (amortized inventory balance) of the home, ownership is conveyed to the homebuyer. No gain or loss is recorded upon conveyance.

16. Compensated Absences: Compensated absences are those absences for which employees will be paid, such as vacation and sick leave computed in accordance with *GASB Statement No. 101*. 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.

17. Litigation Losses: The Authority recognizes estimated losses related to litigation in the period in which the occasion giving rise to the loss occurred, the loss is probable, and the loss is reasonably estimable.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

A - Summary of Significant Accounting Policies and Organization: (Continued)

18. Federal Contribution Contracts: NAHASDA Contribution contracts provide that HUD shall have the authority to audit and examine the records of public housing authorities. Accordingly, final determination of the Authority's financing and contribution status for the NAHASDA Contribution Contracts is the responsibility of HUD based upon financial reports submitted by the Authority.

19. Risk Management: The Authority is exposed to various risks of loss 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 for all risks of loss, including workers' compensation and employee health and accident insurance, and automobile insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Additionally, there have been no significant reductions in insurance coverage from the prior year.

The Authority also participates in public entity risk pool (Amerind Risk Retention Company) for all risks of loss, including general liability, fire and extended coverage, fidelity bond, and Director and Officers liability. 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.

20. Use of Restricted Assets: It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

21. Operating Revenues and Expenses: The principal operating revenues of the Authority's enterprise fund are charges to customers for rents and services. Operating expenses for the Authority's Enterprise Fund include the cost of providing housing and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

B - Deposits and Investments: For purposes of the Statement of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents

1. HUD Deposit and Investment 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.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

B - Deposits and Investments: (Continued)

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 December 31, 2022, 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 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.
- 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 \$3,895,642 at December 31, 2022. Bank balances before reconciling items were \$4,286,050 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. The Authority's investments consist of certificates of deposit with original maturities greater than three (3) months of \$1,171,268.

C - Accounts Receivable:

Dwelling rents (net of allowance for doubtful accounts of \$739,288)	\$ 145,331
Other - Insurance premium overpayment	<u>2,406</u>
	<u>\$ 147,737</u>

D - Due From Other Governments:

U.S. Department of Housing and Urban Development - HUD	\$ 1,277,747
Cheyenne Arapaho Tribe – Tribal Rehab and Elderly Service Grant	<u>1,766,380</u>
	<u>\$ 3,044,127</u>

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

E - Prepaid Expense:

Prepaid insurance	\$ 189,056
Other	<u>2,797</u>
	<u>\$ 191,853</u>

F - Assets Held for Conveyance - Mutual Help Homeownership Program: The Homeownership programs allow and assist qualified low-income Native Americans to achieve homeownership. In the Mutual Help program, at the beginning of the program's term, a Mutual Help and Occupancy Agreement ("MHOA") is executed between the homebuyer and the Authority. These agreements govern the relationship between the parties for the term of usually 25 years. The MHOA dictates that the title to the home will reside with the Authority until the home is paid off. The homebuyer's monthly payment is the monthly administration fee plus a Monthly Equity Payment Account (MEPA) portion that includes the debt service (principal plus interest equal to the Minimum Loan Interest Rate for the Project) and that is reserved. Amounts paid for administration fees are current income to the Authority and the MEPA amount reduces the balance due from the homebuyer and the mutual help unit. MEPA Fund contributions are not income to the Authority. They are held in the general fund as a liability (unearned revenue) earning interest, and not subject to use by the homeowner for capital improvements and maintenance in accordance with the Cheyenne and Arapaho Housing Authority policies. When the homebuyer completes the MEPA liability agreement or purchases the home early, the MEPA Fund will be disposed of in accordance with the MHOA. The accounting treatment mandated by the MHOA has been continued in these financial statements. Assets held for conveyance balance at December 31, 2022 was \$13,118,866.

G - Land, Buildings and Equipment:

	Balance December 31, 2021	Additions	Retirements & Dispositions	Transfers	Balance December 31, 2022
Not being depreciated:					
Land	\$ 728,396	\$ 17,778	\$ -	\$ 307,885	\$ 1,054,059
Total not being depreciated	<u>728,396</u>	<u>17,778</u>	<u>-</u>	<u>307,885</u>	<u>1,054,059</u>
Depreciable:					
Buildings & improvements	5,638,194	146,387	(14,947)	(307,885)	5,461,749
Accumulated depreciation	(1,962,948)	(169,539)	14,300	-	(2,118,187)
Net buildings & improvements	<u>3,675,246</u>	<u>(23,152)</u>	<u>(647)</u>	<u>(307,885)</u>	<u>3,343,562</u>
Equipment	1,538,628	107,540	-	-	1,646,168
Accumulated depreciation	(1,281,719)	(109,294)	-	-	(1,391,013)
Net equipment	<u>256,909</u>	<u>(1,754)</u>	<u>-</u>	<u>-</u>	<u>255,155</u>
Net depreciable assets	<u>3,932,155</u>	<u>(24,906)</u>	<u>(647)</u>	<u>(307,885)</u>	<u>3,598,717</u>
TOTAL	<u>\$ 4,660,551</u>	<u>\$ (7,128)</u>	<u>\$ (647)</u>	<u>\$ -</u>	<u>\$ 4,652,776</u>

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

H - Deferred Revenues:

Unexpended funds for ERAP in FY 2022	\$ 2,060,385
Prepaid tenants/ residents rents and fees	<u>100,738</u>
	<u>\$ 2,161,123</u>

I - Other Current Liabilities:

401k Pension contribution payable	<u>\$ 12,122</u>
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J - Schedule of Changes in Noncurrent Liabilities:

	Balance at December 31, 2021		Year Ended December 31, 2022		Balance at December 31, 2022	
	Long-term Portion	Current Portion	Additions	Payments	Current Portion	Long-term Portion
Monthly Equity Payments (MEPA)	<u>\$ 3,243,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,595</u>	<u>\$ -</u>	<u>\$ 2,905,932</u>

- K - Other Accrued Liabilities-Escrowed Trust Liabilities (Homebuyers):** The Authority has entered into Monthly Equity Payment Agreements (MEPA) with Homeownership Participants as part of the Mutual Help Homeownership Opportunity Program whereby eligible participants via rent payments can accumulate an amount that can be used to either purchase the homes that they occupy, for eligible repairs, or can be refunded to the homebuyer in accordance with certain provisions of the Mutual Help and Occupancy Agreement (MHO). A homebuyer account in the MEPA is credited with the amount by which each required monthly payment exceeds the administrative charge. At December 31, 2022, the balances in the accounts aggregated \$2,905,932.
- L - 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 part of the Authority. Accordingly, this debt has not been recorded in the basic financial statements of the Authority. Additionally, HUD no longer provides debt service information to the Authority.
- M - Commitments:** The Authority is engaged in a rehabilitation program funded by HUD. In this regard, the Authority has entered into force account on-going annual construction and rehabilitation type work with no balance remaining until completion.
- N - Economic Dependency:** The Authority receives approximately 60 % of its revenues from federal sources. If the amount of revenues received from HUD falls below critical levels, the Authority's reserves could be adversely affected.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

O - Contingencies:

1. 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 such examinations For the Year Ended December 31, 2022.
2. The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Authority (and the Authority's attorney) that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

P - Leasing Activities (as Lessor): The Authority is the lessor of dwelling units mainly 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 basic financial statements and schedules as "Rental Revenue". Rental Revenue per dwelling unit generally remains consistent from year to year but is affected by general economic conditions that impact personal income and local job availability.

Q - Interprogram Transfers: The Authority will make cash transfers between its various programs as outlined in the Federal Regulations and authorized and approved by the Authority's Board of Commissioners. There were no transfers during the current fiscal year.

R - Defined Contribution Pension Plan: The Authority provides pension benefits for all its full-time employees through a defined contribution plan entitled the "401 K Retirement Plan". In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Board of commissioners for the Authority is authorized to establish and amend plan benefits. Employees are eligible to participate after one year of employment. The Authority contributes up to 6% of the employee's base salary each month, while the employee contributes progressively up to 6%. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after five (5) years of continuous services, or until age 65, whichever is first. Authority contributions for, and interest forfeited by, employees who leave employment before vesting are used to reduce the Authority's current-period contribution requirement.

The Authority's total payroll in the year ended December 31, 2022, was \$1,274,250. The Authority's and employee's contributions were calculated using \$1,274,250. The Authority and the employees made the required contributions amounting to \$76,455 and \$-0- respectively.

S - Other Post Employment Benefits: In relation to its employee benefit programs, the Authority does not provide any Other Post Employment Benefits (OPEB), as outlined under GASB 45 and 75.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

- T - 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 evaluated the activity of the Authority through Opinion Date 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.

SUPPLEMENTARY INFORMATION

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2022

	NAHASDA		
	Low Income	American Rescue	
	Housing	Plan Act (COVID-19)	Total 2022
	Program		
ASSETS			
Current assets			
Cash and cash equivalents, unrestricted	\$ 1,737,266	\$ 97,991	\$ 1,835,257
Cash and cash equivalents, restricted	1,411,569	648,816	2,060,385
Investments, unrestricted	1,171,268	-	1,171,268
Accounts receivable, net of allowance	147,737	-	147,737
Due from other governments	3,044,127	-	3,044,127
Due from/to other programs	89,489	(89,489)	-
Prepaid expense	191,853	-	191,853
Total current assets	7,793,309	657,318	8,450,627
Noncurrent assets			
Other assets			
Assets held for conveyance	13,118,866	-	13,118,866
Capital assets			
Not being depreciated	1,054,059	-	1,054,059
Depreciable, net	3,547,585	51,132	3,598,717
Total capital assets, net	4,601,644	51,132	4,652,776
Total noncurrent assets	17,720,510	51,132	17,771,642
Total assets	25,513,819	708,450	26,222,269
Deferred Outflow of Resources	-	-	-
Total Assets and Deferred Outflow of Resources	25,513,819	708,450	26,222,269
LIABILITIES			
Current liabilities			
Vendors and contractors payable	94,481	8,502	102,983
Accrued wages/taxes payable	14,104	-	14,104
Accrued compensated absences	38,575	-	38,575
Unearned revenue	1,512,307	648,816	2,161,123
Other current liabilities	12,122	-	12,122
Resident security deposits	2,425	-	2,425
Total current liabilities	1,674,014	657,318	2,331,332
Noncurrent liabilities			
Other accrued liabilities	2,905,932	-	2,905,932
Total liabilities	4,579,946	657,318	5,237,264
Deferred Inflow of Resources	-	-	-
Total Liabilities and Deferred Inflow of Resources	4,579,946	657,318	5,237,264
NET POSITION			
Net investment in capital assets	4,601,644	51,132	4,652,776
Restricted	13,118,865	-	13,118,865
Unrestricted	3,213,364	-	3,213,364
Total net position	\$ 20,933,873	\$ 51,132	\$ 20,985,005

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022

	NAHASDA		
	Low Income		
	Housing	American Rescue	
	Program	Plan Act (COVID-19)	Total 2022
Operating revenues			
Rental revenue	\$ 263,880	\$ -	\$ 263,880
HUD grants	4,171,519	251,183	4,422,702
Other governmental grants	1,240,822	-	1,240,822
Other revenue	816,966	-	816,966
Total operating revenues	6,493,187	251,183	6,744,370
Operating expenses			
Administrative	762,028	-	762,028
Tenant services	373,046	-	373,046
Utilities	133,885	-	133,885
Ordinary maintenance & operation	2,055,140	-	2,055,140
Insurance	89,484	-	89,484
General expenses	2,344,591	197,360	2,541,951
Amortization	706,888	-	706,888
Depreciation	276,143	2,691	278,834
Total operating expenses	6,741,205	200,051	6,941,256
Increase (decrease) in net position	(248,018)	51,132	(196,886)
Net position, beginning of year	21,181,891	-	21,181,891
Net position, end of year	\$ 20,933,873	\$ 51,132	\$ 20,985,005

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor:

<u>Assistance Listing Number</u>	<u>Program Title</u>	<u>Pass Through Entity</u>	<u>Federal Expenditures</u>
U.S. Department of Treasury			
21.023	Emergency Rental Assistance (ERA) Program	NA	\$ 229,902
21.019	Coronavirus Relief Fund -Homeowners Assistance	NA	312,781
Total U.S. Department of Treasury			542,683
U.S. Department of Interior			
15.000 - BIA	American Rescue Plan HIP (A21AV00964)	NA	377,184
Total U.S. Department of Interior			377,184
U.S. Department of Housing and Urban Development			
NAHASDA Programs			
14.867	NAHASDA	NA	3,094,601
14.867	NAHASDA - CARES Act (20BV4005840)	NA	251,183
14.867	American Rescue Plan IHBG (21AH4005840)	NA	47,305
Total NAHASDA Programs			3,393,089
14.871	Section 8 VASH Vouchers (20HV4005840)	NA	109,746
Total U.S. Department of HUD			3,880,019
Total Federal Awards Expenditures			\$ 4,422,702

Notes to the Schedule of Expenditures of Federal Awards

A. Basis of Accounting

This schedule is prepared on the accrual basis of accounting.

B. Basis of Presentation

The accompanying Schedule of Federal Awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2022.

The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Title 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority.

C. Other Matters - Indirect Costs

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

SINGLE AUDIT SECTION

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**INDEPENDENT AUDITOR'S 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
Cheyenne and Arapaho Tribes Department of Housing
Clinton, Oklahoma

U.S. Dept of HUD
Region # 6 SPONAP
301 NW 6th Street, Suite 200
Oklahoma City, OK 73102

We have audited, 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, the financial statements of the business-type activities of the Cheyenne and Arapaho Tribes Department of Housing ("the Authority"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 24, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 a 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
October 24, 2024

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

Board of Commissioners
Cheyenne and Arapaho Tribes Department of Housing
Clinton, Oklahoma

U.S. Dept of HUD
Region # 6 SPONAP
301 NW 6th Street, Suite 200
Oklahoma City, OK 73102

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Cheyenne and Arapaho Tribes Department of Housing's ("the Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2022. The Authority'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 the NAHASDA Program (Assistance Listing # 14.867) and the Emergency Rental Assistance Program (Assistance Listing #21.023)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the NAHASDA Housing Program (#14.867) and the Emergency Rental Assistance Program (#21.023) for the year December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our 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* 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 Authority 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on the NAHASDA Program (Assistance Listing # 14.867) and the Emergency Rental Assistance Program (Assistance Listing #21.023)

As described in the accompanying Schedule of Findings and Questioned Costs, the Authority did not comply with requirements regarding the NAHASDA Program (#14.867) or the Emergency Rental Assistance Program (#21.023) as described in finding numbers 2022-001 through 2022-005.

Compliance with such requirements is necessary, in our opinion, for the Authority 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 Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Authority'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 Authority'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 Authority'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.

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 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 questioned costs as items 2022-001 through 2022-005 to be material weaknesses.

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.

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 Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance 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.



Malcolm Johnson & Company, P.A.
Certified Public Accountants

DeBary, Florida
October 24, 2024

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Basic Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
~ Material weakness(es) identified?	No
~ Significant deficiency(s) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to basic financial statements noted?	No

Federal Awards

Internal control over major programs:	
~ Material weakness(es) identified?	Yes
~ Significant deficiency(s) identified that are not considered to be material weakness(es)?	None Reported
Type of auditors' report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?	Yes
Identification of major programs:	

Assistance Listing Number

14.867

21.023

Name of Federal Program

NAHASDA Program

Emergency Rental Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no Basic Financial Statement Findings.

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2022-001	Condition:	Deficiencies Noted in Maintenance of Tenant Files
		During the review of twenty-five (25) Tenant Files from all programs, the following deficiencies were noted:
		12 Rental files selected lacked a timely Annual Recertification
		25 Rental files selected lacked timely Annual Inspections
	Assistance Listing #:	14.867
	Questioned Costs:	None
	Cause:	The Authority's deficiency in its resident files stems from some lack of controls concerning HUD requirements and procedures.
	Effect:	The Authority has not been in complete compliance with the above HUD and policy requirements.
	Criteria:	24 CFR requirements for Indian Housing eligibility.
	Recommendation:	In general, we continue to recommend a review of the recertification process to determine areas of weakness. We also recommend more standardization in file organization of information.
	Reply:	Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022-002	Condition:	Deficiencies Noted in Cash Disbursements
		During the review of forty (40) Cash Disbursement items selected for audit, the following deficiencies were noted:
		4 Checks selected for audit were not fully supported with receipts and invoices to support the disbursement
		15 Checks selected lacked appropriate approval for disbursement
		2 Checks selected lacked correct allocation for the disbursement
		15 Disbursements lacked signed contracts or procurement documentation
		1 Payroll check lacked agreement to budget.
	Assistance Listing #:	14.867
	Questioned Costs:	Undetermined
	Cause:	The Authority's deficiency in the area of cash disbursements is a lack of internal controls or the invoice approval process.
	Effect:	The Authority has not been in complete compliance with HUD regulations and internal control requirements to support invoices.
	Criteria:	24 CFR requirements for Cash Disbursements Documentation
	Recommendation:	We recommend a review of the cash disbursement documentation process in order to ensure that each disbursement is fully documented prior to check issuance, and we further recommend an update of internal control policies and regular quality control reviews over cash disbursements to ensure compliance with HUD regulations.
	Reply:	Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022-003	Condition:	Deficiencies Noted in Maintenance of the Cash Receipts and Deposits and the Tenant Accounts Receivable
		During the review of twenty-five (25) Cash Receipts selected for audit, it was noted that the Authority did not make timely deposits and end of month reconciliations for all the receipts and deposits chosen. These deposit lags have created a reconciliation question for the fiscal year 2022. One receipt could not be reconciled to the bank statement.
	Assistance Listing #:	14.867
	Questioned Costs:	Undetermined
	Cause:	The Authority's deficiency stems from a lack of internal controls over tenant account and a loss of key personnel in this area.
	Effect:	The Authority is not in compliance with numerous HUD requirements.
	Criteria:	Annual Contributions Contracts
	Recommendation:	We recommend that the Authority utilize the tenant software to properly account for tenant balances.
	Reply:	Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022-004	Condition:	Deficiencies Noted in Small Purchases Procurement
		During the review of the contracts selected for audit, it was noted that in all contracts, small purchases, and sealed bids the Authority did not follow their procurement policy or the Cheyenne Arapaho Tribe Covid Procurement Guidance during the Fiscal Year 2022.
	Assistance Listing #:	14.867
	Questioned Costs:	Undetermined
	Cause:	The Authority's deficiency in procurement and contracts stems from a lack of certain controls concerning HUD requirements and procedures.
	Effect:	The Authority has not been in complete compliance with the above HUD requirements.
	Criteria:	HUD Regulation regarding 24 CFR 85.36
	Recommendation:	We recommend that all contracts have the same level of documentation of procurement for small purchases contracts and that the Authority add additional support for contracts where only one bid for services was available.
	Reply:	Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Continued)

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2022-005 Condition:	Deficiencies Noted in Our Examination of Emergency Rental Assistance (ERA) Files
	During the review of four (4) Emergency Rental Assistance Payments, the following deficiencies were noted:
	2 Checks selected lacked appropriate approval for disbursement
	2 Disbursements lacked compliance with ERA policies and sufficient support
Assistance Listing #:	21.023
Questioned Costs:	Undetermined
Cause:	The Authority's deficiency in the area of cash disbursements is a lack of internal controls or the invoice approval process.
Effect:	The Authority has not been in complete compliance with HUD regulations and internal control requirements to support invoices.
Criteria:	24 CFR requirements for Cash Disbursements Documentation
Recommendation:	We recommend a review of the cash disbursement documentation process in order to ensure that each disbursement is fully documented prior to check issuance, and we further recommend an update of internal control policies and regular quality control reviews over cash disbursements to ensure compliance with HUD regulations.
Reply:	Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING
Clinton, Oklahoma

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

2021-001	Condition:	Deficiencies Noted in Maintenance of Tenant Files
	Current Status:	This finding continues as current finding 2022-001.
2021-002	Condition:	Deficiencies Noted in Cash Disbursements
	Current Status:	This finding continues as current finding 2022-002.
2021-003	Condition:	Deficiencies Noted in Maintenance of Cash Receipts & Deposits and Tenant Accounts Receivable
	Current Status:	This finding continues as current finding 2022-003.
2021-004	Condition:	Deficiencies Noted in Small Purchases Procurement
	Current Status:	This finding continues as current finding 2022-004.

SECTION IV – HUD – NAHASDA PROGRAM MONITORING REPORTS

The Southwest Office of Native America Programs (SWONAP) conducted a Monitoring Review of the Cheyenne and Arapaho Housing Authority Block Grant May 15 - 19, 2023. Since that time, HUD has issued a Final Monitoring Report dated May 15, 2024, which contains eight (8) updated findings with their descriptions below. Additionally, in accordance with Finding 2023 IHBG-01 (Non-Compliance with NAHASDA Section 101c for Cooperation Agreements) and 2023 IHBG-02 (Non-Compliance with Total Development Costs (TDC) Requirements), the Authority repaid HUD \$37, 615 on September 19, 2024. Pending HUD's concurrence, these two findings should be closed going forward.

Finding 2023-IHBG-01: Non-Compliance with Total Development Costs (TDC) Requirements

Finding 2023-IHBG-02: Non-Compliance with Serving Non-Low-Income Requirements

Finding 2023-IHBG-03: CATHA did not follow their Waiting List Policy

Finding 2023-IHBG-ARPA-04: Non-Compliance with Environmental Review Requirements

Finding 2023-IHBG-CARES-05: Non-Compliance with Environmental Review Requirements

Finding 2023-IHBG-ARPA-06: Non-Compliance with Procurement and Contract Administration

Finding 2023-IHBG-CARES-07: Non-Compliance with Procurement and Contract Administration

Finding 2023-IHBG-08: Non-Compliance with Self-Monitoring Requirements

1. The above findings are under the purview of SWONAP and HUD has not closed any of the above findings per their letter dated May 15, 2024.
2. Findings 3, 6, and 7 of the above monitoring findings had also been reported or addressed by the contracted independent Public Accounting firm in this report going back to fiscal year ended December 31, 2024.
3. As of the date of the issue of this audit for December 31, 2022, the HUD office has not closed any of the above findings. However, our audit has reviewed the above HUD findings and concurs with the IHA responses. Our Findings, reported in this audit report, remain unclosed.

CHEYENNE AND ARAPAHO TRIBES DEPARTMENT OF HOUSING

2100 Dog Patch Road
Clinton, Oklahoma 73601

Phone (580) 331-2400

Corrective Action Plan – December 31, 2022 Audit Findings

2022-001 Condition: Deficiencies Noted in Maintenance of Tenant Files

Steps to resolve: Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

Individual responsible for correction: Mr. Damon Dunbar, Executive Director

Timeframe: As of December 31, 2024

2022-002 Condition: Deficiencies Noted in Cash Disbursements

Steps to resolve: Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

Individual responsible for correction: Mr. Damon Dunbar, Executive Director

Timeframe: As of December 31, 2024

2022-003 Condition: Deficiencies Noted in Maintenance of the Cash Receipts and Deposits and the Tenant Accounts Receivable

Steps to resolve: Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

Individual responsible for correction: Mr. Damon Dunbar, Executive Director

Timeframe: As of December 31, 2024

2022-004 Condition: Deficiencies Noted in Small Purchases Procurement

Steps to resolve: Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

Individual responsible for correction: Mr. Damon Dunbar, Executive Director

Timeframe: As of December 31, 2024

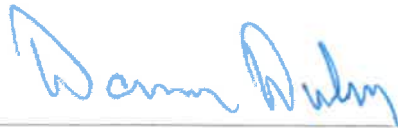
2022-005 Condition: Deficiencies Noted in Our Examination of Emergency Rental Assistance (ERA) Files

Steps to resolve: Management agrees with the audit finding and the auditor's recommendation. We will implement procedures and changes to ensure that this finding will be cleared by the subsequent fiscal year audit.

Individual responsible for correction: Mr. Damon Dunbar, Executive Director

Timeframe: As of December 31, 2024

Signed:



Executive Director

Title