

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED DECEMBER 31, 2016

Mike Estes, P.C.

A Professional Accounting Corporation

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and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

Independent Auditor's Report

Board of Commissioners
Housing Authority of Elk City
Elk City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Elk City, Oklahoma as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority of Elk City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Elk City, Oklahoma, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Managements' Discussion and Analysis on pages 4 to 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Elk City, Oklahoma's basic financial statements. The statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, and the schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement and certification of actual

modernization costs, statement of modernization costs-uncompleted, financial data schedules, and the schedule of expenditures of federal awards 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 July 19, 2017 on our consideration of the Housing Authority of the City of Elk City, Oklahoma'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the Housing Authority of the City of Elk City, Oklahoma's internal control over financial reporting and compliance.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
July 19, 2017

Elk City Housing Authority Management's Discussion and Analysis For the Year Ended December 31, 2016

Introduction

This Management's Discussion and Analysis (MD&A) of the Elk City Housing Authority (Authority) provides an introduction and overview to the financial statements of the Authority for the fiscal year ended December 31, 2016. The Elk City Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2016 to assist the reader in focusing on significant financial issues.

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

The agency has three individual programs. These include the Low Rent Public Housing Program, the Capital Fund Program, and a State/Local Program.

- Low Rent Public Housing Program: The Low Rent Program consists of 142 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing & Urban Development based on a formula.
- Capital Fund Program: The Capital Fund Program is a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- State/Local Program: The State/Local Program consists of a Learning Center. Funding for this program comes primarily through the Oklahoma Department of Libraries. This program provides various literacy services to those in the community, including family literacy, English as a second language, and one-to-one tutoring.

Overview of the Financial Statements

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

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

Management Discussion and Analysis - Continued

Overview of the Financial Statements – Cont.

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

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

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2016, to determine the net change in Net Position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2016.

Financial Highlights

The Elk City Housing Authority's Net Position changed from \$3,652,138 to \$3,673,491, an increase of \$21,353 or 1%.

Total assets increased by \$55,697 or 2%. Total liabilities also increased by \$34,344 or 60%.

The unrestricted portion of the Authority's net position increased by \$25,159, or 2%, from \$1,061,919 to \$1,087,078.

Total revenue increased from \$920,044 to \$971,846, an increase of \$51,802 or 6%.

Total expenses decreased by \$149,051, from \$1,099,544 to \$950,493 for the current year. This represents a decrease of 14%.

Management Discussion and Analysis - Continued

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset, liability and net position comparisons for the year ended December 31, 2016, and December 31, 2015.

Summary Statement of Net Position

As of December 31, 2016 and 2015

Category	FYE 2016	FYE 2015	Change \$	Change %
Current Assets	\$ 1,178,386	\$ 1,118,883	\$ 59,503	5%
Noncurrent Assets	\$ 2,586,413	\$ 2,590,219	\$ (3,806)	0%
Total Assets	\$ 3,764,799	\$ 3,709,102	\$ 55,697	2%
Current Liabilities	\$ 84,371	\$ 51,396	\$ 32,975	64%
Noncurrent Liabilities	\$ 6,937	\$ 5,568	\$ 1,369	25%
Total Liabilities	\$ 91,308	\$ 56,964	\$ 34,344	60%
Unrestricted	\$ 1,087,078	\$ 1,061,919	\$ 25,159	2%
Net Investment in Capital Assets	\$ 2,586,413	\$ 2,590,219	\$ (3,806)	0%
Total Net Position	\$ 3,673,491	\$ 3,652,138	\$ 21,353	1%

Current Assets

Current assets increased by \$59,503, or 5%, due to an increase in cash and investments, from \$1,100,009 to \$1,128,016. The increase in cash was primarily due to excess of revenue over expenses. There was also an increase in accounts receivable – HUD other projects – capital fund in the amount of \$33,970.

Noncurrent Assets

Noncurrent assets decreased by \$3,806 due to depreciation expense charged on those assets for the current year exceeding the additions of noncurrent assets.

Current Liabilities

Current liabilities increased by \$32,975, or 64%, from the previous year primarily due to an increase in accounts payable associated with the Capital Fund Program in the amount of \$33,970.

Noncurrent Liabilities

Noncurrent liabilities, which consisted solely of the noncurrent portion of compensated absences, increased by \$1,369 in the current year. This represented a 25% increase from the previous year.

Net Position

The total net position of the Authority increased by \$21,353 from the previous fiscal year, due to a reduction of total operating expenses over total revenues for the year.

Management Discussion and Analysis - Continued

Unrestricted

The unrestricted portion of the Authority's net position increased by \$25,159, or 2% from the previous year. The unrestricted net position for the Low Rent and Capital Funds programs increased from \$1,058,624 to \$1,079,506, while unrestricted for the State/Local program decreased from \$3,295 to \$7,572.

The table below lists the revenue, expense, and changes in net position comparisons for the years ended December 31, 2016 and December 31, 2015.

**Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2016 and 2015**

Category	FYE 2016	FYE 2015	Change \$	Change %
Tenant Revenue	\$ 348,426	\$ 411,480	\$ (63,054)	-15%
HUD Operating Grants	\$ 240,358	\$ 246,597	\$ (6,239)	-3%
Capital Grants	\$ 312,445	\$ 142,315	\$ 170,130	120%
Other Government Grants	\$ 18,684	\$ 9,995	\$ 8,689	87%
Interest Income	\$ 4,534	\$ 4,319	\$ 215	5%
Other Revenue	\$ 47,399	\$ 105,338	\$ (57,939)	-55%
Total Revenue	\$ 971,846	\$ 920,044	\$ 51,802	6%
			\$ -	
Administration	\$ 252,311	\$ 227,184	\$ 25,127	11%
Tenant Services	\$ 53,740	\$ 54,561	\$ (821)	-2%
Utilities	\$ 34,505	\$ 34,580	\$ (75)	0%
Ordinary Maintenance	\$ 195,856	\$ 326,914	\$ (131,058)	-40%
Protective Services	\$ 1,332	\$ 999	\$ 333	33%
General Expense	\$ 91,498	\$ 96,720	\$ (5,222)	-5%
Casualty Losses	\$ -	\$ 48,240	\$ (48,240)	N/A
Depreciation	\$ 321,251	\$ 310,346	\$ 10,905	4%
Total Expenses	\$ 950,493	\$ 1,099,544	\$ (149,051)	-14%
Increase (Decrease) in Net Position	\$ 21,353	\$ (179,500)	\$ 200,853	-112%
Net Position, Beginning of Year	\$ 3,652,138	\$ 3,831,638	\$ (179,500)	-5%
Net Position, End of Year	\$ 3,673,491	\$ 3,652,138	\$ 21,353	1%

Management Discussion and Analysis - Continued

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's total revenues increased by \$51,802 during the current fiscal year, a 6% reduction over the previous year. Significant changes noted between the current and previous fiscal year include:

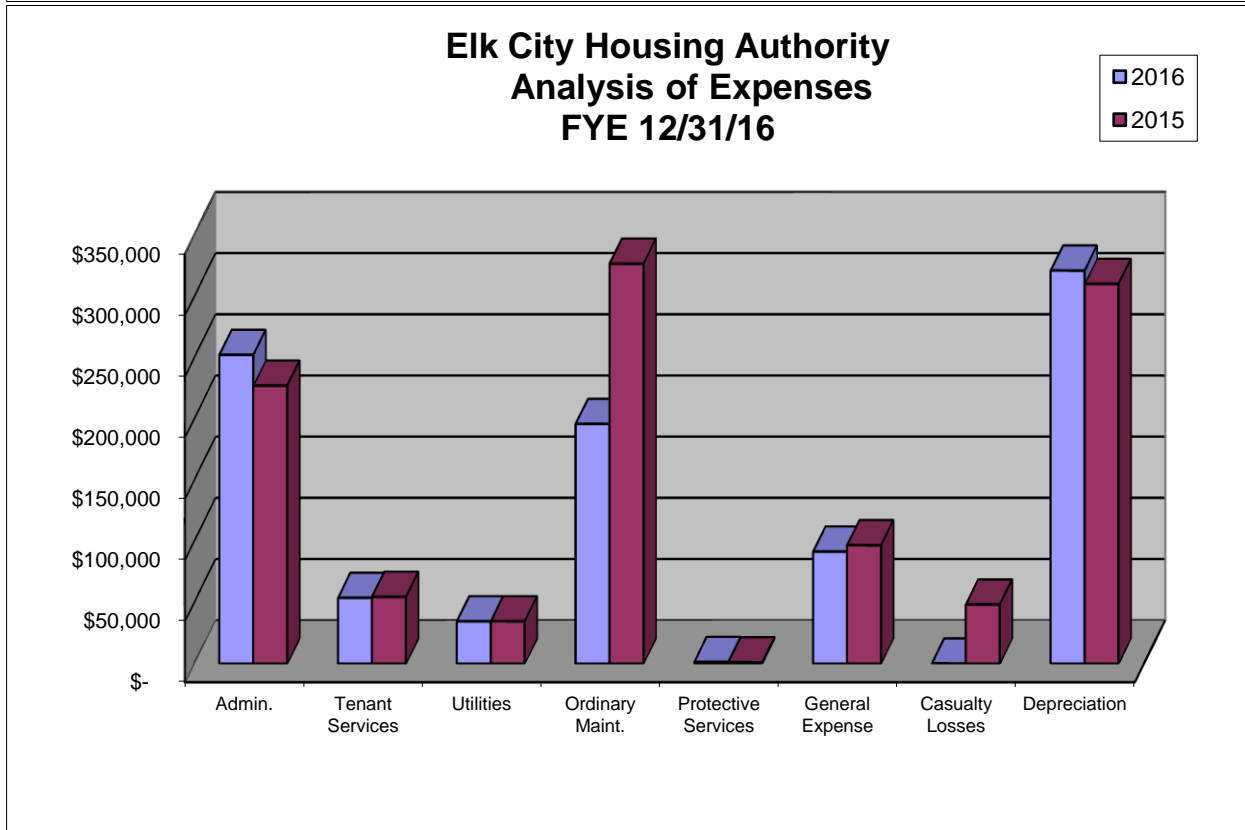
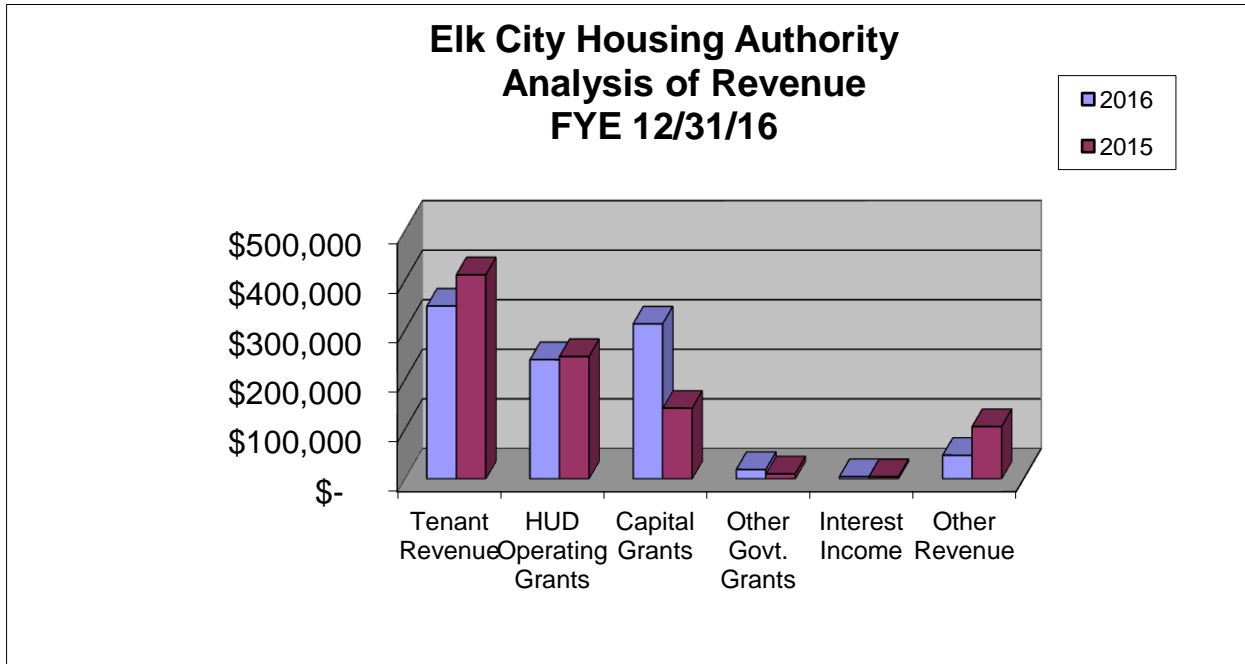
- Tenant revenues decreased by \$63,054, or 15%, due primarily to a decrease in net rental revenue. Although total unit months leased decreased slightly from 1,668 to 1,663, average dwelling rent charged per unit month decreased from \$239.83 per unit month to \$205.22 per unit month.
- Capital grants increased by \$170,130 or 120% due to an increase in capital improvement projects completed during the current year.
- The government grants for the Authority's Learning Center increased by 87%, from \$9,995 to \$18,684.
- Other revenues decreased from \$105,338 in the previous year to \$57,939 due primarily to a decrease in insurance proceeds.

Total expenses for the year decreased from \$1,099,544 to \$950,493, a decrease of \$149,051 or 14% over the previous year. Significant changes between the current and previous fiscal year include:

- Administration expense increased \$25,127, from \$227,184 in the previous year to \$252,311. This is primarily due to a change in salaries and benefits in the amount of \$22,754.
- Maintenance expenses decreased 40%, from \$326,914 in the previous year to \$195,856. This was due primarily to a change in maintenance materials, from \$188,275 to \$51,299. The decrease in materials was due to the purchase of new appliances for all of the units in the prior year.
- General expense decreased by \$5,222 or 5% due to increases in compensated absences and PILOT expense for the year.

Management Discussion and Analysis - Continued

The following presentations have been provided to demonstrate the revenues and expenses by summarized account category:



Management Discussion and Analysis – Continued

Capital Assets

As of December 31, 2016, the Elk City Housing Authority’s net investment in capital assets was \$2,586,413. This investment includes land, buildings, equipment, and construction in progress, net of accumulated depreciation.

Summary Statement of Capital Assets

Years Ended December 31, 2016 and 2015

<u>Category</u>	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 107,800	\$ 107,800	\$ -	0%
Buildings	\$ 10,221,749	\$ 9,894,304	\$ 327,445	3%
Equipment	\$ 196,582	\$ 196,582	\$ -	0%
Construction in Progress	\$ 5,000	\$ 15,000	\$ (10,000)	N/A
Accumulated Depreciation	\$ (7,944,718)	\$ (7,623,467)	\$ (321,251)	4%
Total Capital Assets	\$ 2,586,413	\$ 2,590,219	\$ (3,806)	0%

- The increase in buildings was for HVAC modernization of 80 units. This was completed with the 2014 and 2015 Capital Funds. There was also a sidewalk project utilizing the 2012 and 2013 Capital Funds as well as fencing and new kitchen cabinets for the community room that utilized the 2013 Capital Funds.
- Construction in progress at December 31, 2016 was for architect fees for upcoming projects.

Long-Term Debt Activity

The Authority classifies a portion of the employee’s leave as long term debt. This is because the Authority does not anticipate paying out the total amount accrued in the upcoming fiscal year. The amount estimated as long term for the current year was \$6,937, a net increase of \$1,369 from the previous year.

Subsequent Events

As of the time of this analysis, HUD has not finalized the funding levels for the 2017 calendar year. It has been reported that operating subsidy for the Low Rent Housing Program will be prorated at 92%.

Future CFP work will include the replacement of water heaters in all units. We will also be re-roofing all buildings in the next few years and will continue with fencing along the perimeter of our property.

There are currently no lawsuits or grievances pending for our Housing Authority.

Request for Information

This financial report is designed to provide a general overview of the Authority’s accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Elk City Housing Authority
Kathy Bell, Executive Director
P.O. Box 647
Elk City, OK 73648-0647

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
STATEMENT OF NET POSITION

DECEMBER 31, 2016

ASSETS

Current assets	
Cash and cash equivalents	\$ 239,575
Investments	860,031
Accounts receivable net	33,970
Interest receivable	126
Prepaid items and other assets	11,410
Inventory	4,864
Restricted assets - cash and cash equivalents	28,410
	<hr/>
Total Current Assets	1,178,386
	<hr/>
Capital Assets, net	
Land and other non-depreciated assets	112,800
Other capital assets - net of depreciation	2,473,613
	<hr/>
Total Capital Assets, net	2,586,413
	<hr/>
Total Assets	\$ 3,764,799
	<hr/> <hr/>

LIABILITIES

Current Liabilities	
Accounts payable	\$ 47,132
Unearned income	1,259
Compensated absences payable	8,829
Deposits due others	27,151
	<hr/>
Total Current Liabilities	84,371
	<hr/>
Noncurrent Liabilities	
Compensated absences payable	6,937
	<hr/>
Total Liabilities	91,308
	<hr/>

NET POSITION

Net investment in capital assets	2,586,413
Unrestricted	1,087,078
	<hr/>
Net Position	\$ 3,673,491
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES	
Dwelling rental	\$ 341,266
Governmental operating grants	259,042
Other	54,559
	<hr/>
Total Operating Revenues	654,867
	<hr/>
OPERATING EXPENSES	
Administration	252,311
Tenant services	53,740
Utilities	34,505
Ordinary maintenance & operations	195,856
Protective services	1,332
General expenses	91,498
Depreciation	321,251
	<hr/>
Total Operating Expenses	950,493
	<hr/>
Income (Loss) from Operations	(295,626)
	<hr/>
Non Operating Revenues (Expenses)	
Interest earnings	4,534
	<hr/>
Total Non-Operating Revenues (Expenses)	4,534
	<hr/>
Income (Loss) before contribution	(291,092)
	<hr/>
Capital Contribution	312,445
	<hr/>
Change in net position	21,353
	<hr/>
Total net position - beginning	3,652,138
	<hr/>
Total net position - ending	\$ 3,673,491
	<hr/> <hr/>

The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 339,741
Other receipts	53,008
Federal grants	225,072
Payments to vendors	(216,167)
Payments to employees – net	(373,265)
	<hr/>
Net cash provided (used) by operating activities	28,389
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(317,445)
Federal Capital Grants	312,445
	<hr/>
Net cash provided (used) by capital and related financing activities	(5,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	4,618
Purchase of investments	(4,083)
	<hr/>
Net cash provided (used) by investing activities	535
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
	23,924
CASH AND CASH EQUIVALENTS	
Beginning of Fiscal Year	244,061
	<hr/>
CASH AND CASH EQUIVALENTS	
End of Fiscal Year	\$ 267,985
	<hr/> <hr/>

Continued

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

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

Operating income (loss)	\$ (295,626)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation Expense	321,251
Provision of uncollectible accounts	(386)
Change in assets and liabilities:	
Receivables	(33,970)
Inventories	3,856
Prepaid items	(1,080)
Account payables	35,968
Unearned income	(73)
Deposits due others	(1,551)
Net cash provided (used) by operations	\$ <u>28,389</u>

Concluded

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

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HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the City of Elk City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the state laws for the purpose of providing safe and sanitary dwellings accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Elk City, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	OK015	150 (142 rental units)
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GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Housing Authority is a related organization of the City of Elk City since the City of Elk City appoints a voting majority of the Housing Authority's governing board. The City of Elk City is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Elk City. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Elk City.

Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Housing Authority for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which includes:

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

- 1) Appointing a voting majority of an organization's governing body, and:
 - a) The ability of the government to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
- 2) Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Housing Authority has determined that there are no component units that should be considered as part of the Housing Authority reporting entity.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The transactions of the Housing Authority are reported in a proprietary enterprise fund. The general fund accounts for the transactions of the Public Housing Low Rent program, the Capital Fund program, and a Learning Center program.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

PROPRIETARY FUNDS Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. According to the Authority's policy, governmental operating grants are considered operating revenues. The other principal operating revenues of the Housing Authority are rent and maintenance charges to residents and operating fees earned. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

D. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits, of less than ninety days, and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under state law and national banks having their principal offices in the state.

On the Statement of Cash Flows, cash and cash equivalents, end of year, is \$267,985. This is comprised of cash and cash equivalents of \$239,575 and restricted assets – cash of \$28,410, on the statement of net position.

E. INVESTMENTS Investments are limited by the Housing Authority’s investment policy to Certificates of Deposit. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

Definitions:

Interest-earning investment contract include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

F. REVENUE RECOGNITION Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual – that is, when they become *measurable* and *available* to the finance expenditures of the fiscal period. “Available” is determined as collectible within the 12 months of the fiscal year or soon enough thereafter to be used in pay liabilities of the current period.

G. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out method. Inventory is recorded using the purchase method. At year end, the amount of inventory is recorded for external financial reporting.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

H. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. CAPITAL ASSETS Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$2,000. Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	15-40 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	3 years

J. UNEARNED INCOME The Housing Authority reports prepaid revenues on its statement of net position. Prepaid revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for prepaid revenue is removed from the statement of net position and the revenue is recognized.

K. COMPENSATED ABSENCES The Housing Authority follows adopted Board policy for accumulated annual and sick leave. Employees earn vacation time for 1-3 years of service, and at an accelerated schedule for additional years. Sick leave is earned at 8 hours per month, for a maximum accrual of 1,000 hours. Employees with five or more years of service, who resign or retire, will be paid for 10% of their accumulated unused sick leave.

L. POST EMPLOYMENT BENEFITS The Authority does not recognize or pay any post employment benefits. Accordingly, Governmental Accounting Standards Board (GASB) Statement Number 45 does not apply.

M. NET POSITION AND FLOW ASSUMPTIONS Net position is reported as restricted when constraints placed on net position use as either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

Sometime the Authority may fund outlays from both restricted and unrestricted resources. In the event that should occur, the Authority must make a flow assumption about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

N. 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 assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – DEPOSITS AND INVESTMENTS The Housing Authority has reported their investments with a maturity at time of purchase of one year or less at amortized cost. Investments with maturity at time of purchase of greater than one year are presented at fair value at December 31, 2016. Deposits are stated at cost, which approximates fair value.

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: GASB 40 disclosure of credit rate risk does not apply, since the Authority's only investments are certificates of deposit.

Custodial Credit Risk: The Authority's policy requires the financial institution to cover the first \$250,000 of deposits with FDIC coverage. Any excess deposits must be collateralized with securities held by the pledging financial institution, with a fair market value that equals or exceeds the amount of excess deposits.

Restricted Cash: \$27,151 is restricted in the General Fund for security deposits. \$1,259 is restricted for an amount equal to unearned revenue.

At December 31, 2016, the Housing Authority's carrying amount of deposits was \$1,127,841 and the bank balance was \$1,145,002, which includes \$860,031 in certificates of deposits classified as investments. Petty cash consists of \$175. \$259,722 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$885,280 was covered by pledged securities. However, this \$885,280 was exposed to custodial credit risk, as defined by GASBS No. 40, para. 8, because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 3 – CAPITAL ASSETS The changes in capital assets are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land and buildings	\$ 107,800	\$ 0	\$ 0	\$ 107,800
Construction in progress	15,000	0	10,000	5,000
Depreciable assets:				
Buildings	9,894,304	327,445	0	10,221,749
Furniture and equipment	196,582	0	0	196,582
Total capital assets	<u>10,213,686</u>	<u>327,445</u>	<u>10,000</u>	<u>10,531,131</u>
Less: accumulated depreciation				
Buildings	7,446,969	313,958	0	7,760,927
Furniture and equipment	176,498	7,293	0	183,791
Total accumulated depreciation	<u>7,623,467</u>	<u>321,251</u>	<u>0</u>	<u>7,944,718</u>
Total capital assets, net	<u>\$ 2,590,219</u>	<u>\$ 6,194</u>	<u>\$ 10,000</u>	<u>\$ 2,586,413</u>

NOTE 4 – ACCOUNTS PAYABLE The payables at December 31, 2016 are as follows:

Vendors	\$ 36,793
Payroll taxes & Retirement withheld	7,457
Utilities	2,882
Total	<u>\$ 47,132</u>

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 5 – COMPENSATED ABSENCES At December 31, 2016, employees of the Housing Authority have accumulated and vested \$15,766 of employee leave computed in accordance with GASB, Codification Section C60.

NOTE 6 – LONG – TERM OBLIGATIONS The following is a summary of the long – term obligation transactions for the year ended December 31, 2016.

		Compensated Absences
Balance, beginning	\$	15,049
Additions		18,448
Deletions		17,731
Balance, ending		15,766
Amounts due in one year	\$	8,829

NOTE 7 – RETIREMENT SYSTEM The Housing Authority participates in the Housing Agency Retirement Trust, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan on the first day of the month after attaining the age twenty-five and completing twelve months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5% of his effective compensation, and may make additional contributions. The employer is required to make monthly contributions equal to 5% of each participant’s effective compensation.

The Housing Authority’s contribution for each employee and income allocated to the employee’s account is fully vested after five years of continuous service. The Housing Authority’s contributions and interest forfeited by employees who leave employment before five years of service are first used to pay for plan expenses and if there is any residual amount, the amount is refunded to the Housing Authority.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the Housing Renewal and Local Agency Retirement Plan may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority made the required contributions of \$20,580 for the year ended December 31, 2016, of which \$10,290 was paid by the Housing Authority and \$10,290 was paid by employees. No payments were made out of the forfeiture account.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowance, if any, which may arise from future audits will not be material.

Construction Projects There are certain renovation or construction projects in progress at December 31, 2016. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Risk Management The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

The Housing Authority transfers risk of loss by participating in a public entity risk pool and contracting with a commercial insurance carrier for all major categories of exposed risk.

This includes coverage of property, general liability, public liability, auto, bond, and worker's compensation. The risk pool and insurance contracted are obligated to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

Legal counsel believes, based on case precedent and Texas Attorney General opinions, that if the Texas Municipal League Intergovernmental Risk Pool (TML) is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

Coverage has not significantly changed from the previous year and settlements for each of the past three years have not exceeded insurance coverage.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 9– ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$552,803 to the Housing Authority, which represents approximately 57% of the Housing Authority’s total revenue and capital contributions for the year.

NOTE 10 - SUBSEQUENT EVENTS Management has evaluated events and transactions subsequent to the statement of net position date through, July 19, 2017, of the independent auditor's report for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.



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ACCOUNTANTS
and the
AICPA GOVERNMENTAL
AUDIT QUALITY CENTER

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

Housing Authority of Elk City
Elk City, Oklahoma

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 Housing Authority of the City of Elk City, Oklahoma, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Elk City, Oklahoma's basic financial statements, and have issued our report thereon dated July 19, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Elk City, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Elk City, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Elk City, Oklahoma'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 Housing Authority of the City of Elk City, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.

Mike Estes, P.C.

Mike Estes, P.C.
Fort Worth, Texas
July 19, 2017

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2016

Section I – Summary of the Auditor’s Results

Financial Statement Audit

1. Type of Auditor’s Report Issued on Financial Statements – Unqualified.
2. Internal Control Over Financial Reporting:
 - a. Material weakness(es) identified? _____ yes ✓ no
 - b. Significant deficiency(ies) identified? _____ yes ✓ none reported
3. Noncompliance material to financial statements noted? _____ yes ✓ no

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2016

Section II – Findings related to the financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

None

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
CORRECTIVE ACTION PLAN

YEAR ENDED DECEMBER 31, 2016

There are no audit findings.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2016

The following prior audit finding was a significant deficiency, required to be reported, in the prior year in accordance with *Governmental Auditing Standards* generally accepted in the United States of America:

There were no prior audit findings.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
ANNUAL CONTRIBUTION CONTRACT

YEAR ENDED DECEMBER 31, 2016

	2012 Capital Fund
Funds approved	\$ 162,761
Funds expended	162,761
Excess of funds approved	\$ 0
Funds advanced	\$ 162,761
Funds expended	162,761
Excess (Deficiency) of funds advanced	\$ 0

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statement of Modernization Costs dated July 7, 2016 accompanying the Actual Modernization Costs Certificate submitted to HUD for approval is in agreement with the PHA's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

See accountants' report

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED DECEMBER 31, 2016

	CASH BASIS		
	2013 Capital Fund	2014 Capital Fund	2015 Capital Fund
	<u> </u>	<u> </u>	<u> </u>
Funds approved	\$ 162,737	\$ 178,714	\$ 180,340
Funds expended	155,043	158,820	96,780
Excess of funds approved	<u>\$ 7,694</u>	<u>\$ 19,894</u>	<u>\$ 83,560</u>
Funds advanced	\$ 121,073	\$ 159,270	\$ 96,780
Funds expended	155,043	158,820	96,780
Excess (Deficiency) of funds	<u>\$ (33,970)</u>	<u>\$ 450</u>	<u>\$ 0</u>

See accountants' report

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 240,358
Capital Fund Program	14.872	312,445
Total United States Department of Housing and Urban Development		\$ 552,803
Total Expenditures of Federal Awards		\$ 552,803

The accompanying notes are an integral part of this schedule.

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2016

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 Elk City, Oklahoma (the “Housing Authority”) under programs of the federal government for the year ended December 31, 2016. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority’s basic financial statements as follows:

	Federal Sources
Enterprise Funds	
Governmental operating grants	\$ 259,042
Capital contributions	312,445
	571,487
Total	\$ 571,487

NOTE 4 – Governmental operating grants include \$18,684 received from the Oklahoma Department of Libraries.

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles.

**HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
FINANCIAL DATA SCHEDULES**

YEAR ENDED DECEMBER 31, 2016

Entity Wide Balance Sheet Summary			
	Project Total	2 State/Local	Total
111 Cash - Unrestricted	\$232,003	\$7,572	\$239,575
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$27,151		\$27,151
115 Cash - Restricted for Payment of Current Liabilities	\$1,259		\$1,259
100 Total Cash	\$260,413	\$7,572	\$267,985
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects	\$33,970		\$33,970
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts -Tenants			
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable	\$126		\$126
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$34,096	\$0	\$34,096
131 Investments - Unrestricted	\$860,031		\$860,031
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$11,410		\$11,410
143 Inventories	\$5,404		\$5,404
143.1 Allowance for Obsolete Inventories	-\$540		-\$540
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$1,170,814	\$7,572	\$1,178,386
161 Land	\$107,800		\$107,800
162 Buildings	\$10,221,749		\$10,221,749
163 Furniture, Equipment & Machinery - Dwellings			
164 Furniture, Equipment & Machinery - Administration	\$196,582		\$196,582
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$7,944,718		-\$7,944,718
167 Construction in Progress	\$5,000		\$5,000
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,586,413	\$0	\$2,586,413
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	\$2,586,413	\$0	\$2,586,413
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$3,757,227	\$7,572	\$3,764,799

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2016

Entity Wide Balance Sheet Summary			
	Project Total	2 State/Local	Total
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$36,793		\$36,793
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$7,457		\$7,457
322 Accrued Compensated Absences - Current Portion	\$8,829		\$8,829
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	\$27,151		\$27,151
342 Unearned Revenue	\$1,259		\$1,259
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other	\$2,882		\$2,882
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$84,371	\$0	\$84,371
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	\$6,937		\$6,937
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$6,937	\$0	\$6,937
300 Total Liabilities	\$91,308	\$0	\$91,308
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets	\$2,586,413		\$2,586,413
511.4 Restricted Net Position			
512.4 Unrestricted Net Position	\$1,079,506	\$7,572	\$1,087,078
513 Total Equity - Net Assets / Position	\$3,665,919	\$7,572	\$3,673,491
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,757,227	\$7,572	\$3,764,799

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2016

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$341,266		\$341,266
70400 Tenant Revenue - Other	\$7,160		\$7,160
70500 Total Tenant Revenue	\$348,426	\$0	\$348,426
70600 HUD PHA Operating Grants	\$240,358		\$240,358
70610 Capital Grants		\$312,445	\$312,445
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	\$4,534		\$4,534
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$42,644		\$42,644
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$635,962	\$312,445	\$948,407
91100 Administrative Salaries	\$121,382		\$121,382
91200 Auditing Fees	\$10,000		\$10,000
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$2,510		\$2,510
91500 Employee Benefit contributions - Administrative	\$43,949		\$43,949
91600 Office Expenses	\$28,091		\$28,091
91700 Legal Expense			
91800 Travel	\$17,009		\$17,009
91810 Allocated Overhead			
91900 Other	\$12,623		\$12,623
91000 Total Operating - Administrative	\$235,564	\$0	\$235,564
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$39,135		\$39,135
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services	\$12,446		\$12,446
92400 Tenant Services - Other	\$2,159		\$2,159
92500 Total Tenant Services	\$53,740	\$0	\$53,740
93100 Water	\$10,255		\$10,255
93200 Electricity	\$14,238		\$14,238
93300 Gas	\$3,340		\$3,340
93400 Fuel			
93500 Labor			
93600 Sewer	\$4,757		\$4,757
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$32,590	\$0	\$32,590

**HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
FINANCIAL DATA SCHEDULES**

YEAR ENDED DECEMBER 31, 2016

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
94100 Ordinary Maintenance and Operations - Labor	\$99,626		\$99,626
94200 Ordinary Maintenance and Operations - Materials and Other	\$51,299		\$51,299
94300 Ordinary Maintenance and Operations Contracts	\$17,312		\$17,312
94500 Employee Benefit Contributions - Ordinary Maintenance	\$27,119		\$27,119
94000 Total Maintenance	\$195,356	\$0	\$195,356
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other	\$1,332		\$1,332
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$1,332	\$0	\$1,332
96110 Property Insurance	\$18,750		\$18,750
96120 Liability Insurance	\$6,978		\$6,978
96130 Workmen's Compensation	\$8,315		\$8,315
96140 All Other Insurance	\$3,743		\$3,743
96100 Total insurance Premiums	\$37,786	\$0	\$37,786
96200 Other General Expenses	\$890		\$890
96210 Compensated Absences	\$20,463		\$20,463
96300 Payments in Lieu of Taxes	\$30,907		\$30,907
96400 Bad debt - Tenant Rents	\$1,452		\$1,452
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$53,712	\$0	\$53,712
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
96900 Total Operating Expenses	\$610,080	\$0	\$610,080
97000 Excess of Operating Revenue over Operating Expenses	\$25,882	\$312,445	\$338,327
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$297,683	\$23,568	\$321,251
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$907,763	\$23,568	\$931,331

**HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
FINANCIAL DATA SCHEDULES**

YEAR ENDED DECEMBER 31, 2016

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$271,801	\$288,877	\$17,076
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$3,240,138	\$408,705	\$3,648,843
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$166,067	-\$166,067	\$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			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1692		1692
11210 Number of Unit Months Leased	1663		1663
11270 Excess Cash	\$1,019,329		\$1,019,329
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$5,000	\$312,445	\$317,445
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
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 ELK CITY, OKLAHOMA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2016

Entity Wide Revenue and Expense Summary			
	Project Total	2 State/Local	Total
70300 Net Tenant Rental Revenue	\$341,266		\$341,266
70400 Tenant Revenue - Other	\$7,160		\$7,160
70500 Total Tenant Revenue	\$348,426	\$0	\$348,426
70600 HUD PHA Operating Grants	\$240,358		\$240,358
70610 Capital Grants	\$312,445		\$312,445
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		\$18,684	\$18,684
71100 Investment Income - Unrestricted	\$4,534		\$4,534
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$42,644	\$4,755	\$47,399
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$948,407	\$23,439	\$971,846
91100 Administrative Salaries	\$121,382	\$12,521	\$133,903
91200 Auditing Fees	\$10,000		\$10,000
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing	\$2,510		\$2,510
91500 Employee Benefit contributions - Administrative	\$43,949		\$43,949
91600 Office Expenses	\$28,091	\$3,995	\$32,086
91700 Legal Expense			
91800 Travel	\$17,009		\$17,009
91810 Allocated Overhead			
91900 Other	\$12,623	\$231	\$12,854
91000 Total Operating - Administrative	\$235,564	\$16,747	\$252,311
92000 Asset Management Fee			
92100 Tenant Services - Salaries	\$39,135		\$39,135
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services	\$12,446		\$12,446
92400 Tenant Services - Other	\$2,159		\$2,159
92500 Total Tenant Services	\$53,740	\$0	\$53,740
93100 Water	\$10,255		\$10,255
93200 Electricity	\$14,238		\$14,238
93300 Gas	\$3,340		\$3,340
93400 Fuel			
93500 Labor			
93600 Sewer	\$4,757		\$4,757
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense		\$1,915	\$1,915
93000 Total Utilities	\$32,590	\$1,915	\$34,505

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2016

Entity Wide Revenue and Expense Summary			
	Project Total	2 State/Local	Total
94100 Ordinary Maintenance and Operations - Labor	\$99,626		\$99,626
94200 Ordinary Maintenance and Operations - Materials and Other	\$51,299		\$51,299
94300 Ordinary Maintenance and Operations Contracts	\$17,312	\$500	\$17,812
94500 Employee Benefit Contributions - Ordinary Maintenance	\$27,119		\$27,119
94000 Total Maintenance	\$195,356	\$500	\$195,856
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other	\$1,332		\$1,332
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$1,332	\$0	\$1,332
96110 Property Insurance	\$18,750		\$18,750
96120 Liability Insurance	\$6,978		\$6,978
96130 Workmen's Compensation	\$8,315		\$8,315
96140 All Other Insurance	\$3,743		\$3,743
96100 Total insurance Premiums	\$37,786	\$0	\$37,786
96200 Other General Expenses	\$890		\$890
96210 Compensated Absences	\$20,463		\$20,463
96300 Payments in Lieu of Taxes	\$30,907		\$30,907
96400 Bad debt - Tenant Rents	\$1,452		\$1,452
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$53,712	\$0	\$53,712
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
96900 Total Operating Expenses	\$610,080	\$19,162	\$629,242
97000 Excess of Operating Revenue over Operating Expenses	\$338,327	\$4,277	\$342,604
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$321,251		\$321,251
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$931,331	\$19,162	\$950,493

HOUSING AUTHORITY OF ELK CITY, OKLAHOMA
FINANCIAL DATA SCHEDULES

YEAR ENDED DECEMBER 31, 2016

Entity Wide Revenue and Expense Summary			
	Project Total	2 State/Local	Total
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
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$17,076	\$4,277	\$21,353
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$3,648,843	\$3,295	\$3,652,138
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$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			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1692		1692
11210 Number of Unit Months Leased	1663		1663
11270 Excess Cash	\$1,019,329		\$1,019,329
11610 Land Purchases	\$0		\$0
11620 Building Purchases	\$317,445		\$317,445
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0
11650 Leasehold Improvements Purchases	\$0		\$0
11660 Infrastructure Purchases	\$0		\$0
13510 CFFP Debt Service Payments	\$0		\$0
13901 Replacement Housing Factor Funds	\$0		\$0