

**HOUSING AUTHORITY OF THE
CITY OF DEL CITY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS**

Years Ended December 31, 2011 and 2010

HOUSING AUTHORITY OF THE CITY OF DEL CITY

TABLE OF CONTENTS

	<u>Page</u>
Management Discussion and Analysis	
Independent Auditors' Report	1-2
Financial Statements	
Statements of Net Assets	3
Statements of Revenues, Expenses, and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10
Supplementary Information	
Schedule of Expenditures of Federal Awards	11
Notes to Schedule of Expenditures of Federal Awards	12
Financial Data Schedule	13-17
Independent Auditors' Report on Other Supplementary Information	18
Statement and Certification of Actual Modernization Cost Certificate Project Number OK 56P15050106	19
Statement and Certification of Actual Modernization Cost Certificate Project Number OK 56P15050107	20
Statement and Certification of Actual Modernization Cost Certificate Project Number OK 56S15050109	21
Other Reports and Schedules in Accordance with Government Auditing Standards and OMB Circular A-133	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	24-25
Schedule of Findings and Questioned Costs	26-27
Corrective Action Plan (Unaudited)	28
Status of Prior Year Findings	29

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE HOUSING AUTHORITY OF THE CITY OF DEL CITY (the “Authority”) FINANCIAL STATEMENTS

Our discussion and analysis of the Authority’s financial performance provides an overview of the Authority’s financial activities for the year ended December 31, 2011. Please read it in conjunction with the Authority’s financial statements.

FINANCIAL HIGHLIGHTS

- The Authority’s net assets decreased by \$85,214 or 2% during the year ended December 31, 2011, from \$3,573,789 at December 31, 2010 to \$3,488,575 at December 31, 2011.
- Total operating revenues of the Authority decreased by \$7,505 or 4% for the year ended December 31, 2011, from \$170,752 for the year ended December 31, 2010 to \$163,247 for the year ended December 31, 2011.
- Total operating expenses of the Authority decreased by \$19,547 or 3% for the year ended December 31, 2011, from \$679,569 for the year ended December 31, 2010 to \$660,022 for the year ended December 31, 2011.
- Total non-operating revenue (expense) increased by \$21,844 or 6% for the year ended December 31, 2011, from \$389,717 for the year ended December 31, 2010 to \$411,561 for the year ended December 31, 2011.

USING THIS ANNUAL REPORT

The following summarizes the content of the Authority’s financial statements and differs from previous presentations:

- Management Discussion and Analysis
- Financial Statements, including the Statements of Net Assets on page three, the Statements of Revenues, Expenses and Changes in Net Assets on page four, and the Statements of Cash Flows on page five.
- Notes to Financial Statements

The primary focus of the Authority’s financial statements is on the Authority as a whole. This perspective allows the user to address relevant questions, broaden the basis for comparison and enhance the Authority’s accountability.

ENTITY WIDE FINANCIAL STATEMENTS

The Authority engages in only business-type activities. The financial statements are designed to be corporate-like in that all business-type activities are consolidated to a total for the entire entity. The Authority's major business activities include the following:

- Rental of real estate under a low rent public housing contract.
- Provide rental assistance under Section 8 voucher contracts.
- Modernization of low rent public housing property through use of Capital Fund Program ("CFP") grants.

STATEMENTS OF NET ASSETS

The following table reflects the condensed Statement of Net Assets compared to prior year.

	<u>2011</u>	<u>2010</u>
Current assets	\$ 331,248	\$ 273,123
Capital assets	<u>3,220,829</u>	<u>3,372,689</u>
Total Assets	<u>\$ 3,552,077</u>	<u>\$ 3,645,812</u>
Current liabilities	\$ 62,251	\$ 65,135
Noncurrent liabilities	<u>1,251</u>	<u>6,888</u>
Total Liabilities	<u>\$ 63,502</u>	<u>\$ 72,023</u>
Net Assets		
Unrestricted	\$ 178,777	\$ 138,869
Restricted	88,969	62,231
Invested in capital assets, net of related debt	<u>3,220,829</u>	<u>3,372,689</u>
Total Net Assets	<u>\$ 3,488,575</u>	<u>\$ 3,573,789</u>

For more detailed information, see page three for the Statements of Net Assets.

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Current assets increased by \$58,125 primarily due to having made approximately \$26,000 fewer housing assistance payments ("HAP") than HAP funds received under the Section 8 program. The decrease of \$151,860 in capital assets is attributed to current year depreciation being higher than property and equipment additions.

CHANGE IN UNRESTRICTED NET ASSETS

Unrestricted Net Assets at the beginning of the year	\$	138,869
Change in Unrestricted Net Assets		<u>39,908</u>
Unrestricted Net Assets at the end of the year	\$	<u>178,777</u>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer picture of the change in the Authority's financial well-being.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The following schedule compares the revenues and expenses for the current and previous fiscal year. As stated before, the Authority engages in only business-type activities.

	<u>2011</u>	<u>2010</u>
Revenues		
Operating grants and subsidies	\$ 708,895	\$ 702,499
Capital grants	-	116,040
Tenant rental and other operating revenue	163,247	170,752
Investment income	<u>547</u>	<u>738</u>
Total Revenues	<u>\$ 872,689</u>	<u>\$ 990,029</u>
Expenses		
Housing assistance payments	\$ 297,881	\$ 313,520
Maintenance	207,000	203,150
Depreciation	191,211	180,253
Administrative services	151,037	181,766
Utilities	58,820	58,144
Insurance	30,009	29,734
Other	<u>21,945</u>	<u>26,522</u>
Total Expenses	<u>\$ 957,903</u>	<u>\$ 993,089</u>
Net Decrease	<u>\$ (85,214)</u>	<u>\$ (3,060)</u>

MAJOR FACTORS AFFECTING THE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Capital grants decreased by \$116,040, due to the completion of the replacement and installation of the low rent public housing property's heating, ventilating and air conditioning system in 2010. This was the primary factor contributing to an overall decrease in total revenues of \$117,340.

Total expenses decreased by \$35,186, primarily due to a decrease in administrative services of \$30,729. During 2011, the Board of Commissioners of the Authority replaced the Executive Director and other staff at lower wages overall.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of year-end, the Authority had \$3,220,829 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$151,860 from the end of last year.

	<u>2011</u>	<u>2010</u>
Land	\$ 344,951	\$ 344,951
Buildings and improvements	5,244,092	5,209,972
Furniture and equipment	<u>139,031</u>	<u>133,800</u>
Total cost of assets	5,728,074	5,688,723
Accumulated depreciation	<u>2,507,245</u>	<u>2,316,034</u>
Net	<u>\$ 3,220,829</u>	<u>\$ 3,372,689</u>

The following summarizes the changes in capital assets:

CHANGE IN CAPITAL ASSETS

Balance, beginning of year	\$ 3,372,689
Additions to capital assets	39,351
Depreciation	<u>(191,211)</u>
Balance, end of year	<u>\$ 3,220,829</u>

This year's additions were primarily low rent public housing expenditures used for the replacement and installation of heating and air conditioning units in low rent public housing property.

Debt Outstanding

As of year-end, the Authority had no debt outstanding.

ECONOMIC FACTORS

Significant economic factors affecting the entity are as follows:

- Federal funding of the Department of Housing and Urban Development (or applicable agency)
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Vicki Gleason, Executive Director of the Housing Authority of the City of Del City, at (405) 672-1412. Specific requests may be submitted to Vicki Gleason, Executive Director, at 4613 Tinker Diagonal St., Del City, Oklahoma, 73115-3977.



Independent Auditors' Report

To the Board of Commissioners
Housing Authority of the City of Del City
Del City, Oklahoma

We have audited the accompanying statements of net assets of the Housing Authority of the City of Del City (the "Authority") as of December 31, 2011 and 2010 and the related statements of revenues and expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2011 and 2010 and the changes in its financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September __, 2012 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Board of Commissioners
Housing Authority of the City of Del City

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis 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 Management Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This supplemental schedule is also the responsibility of the Authority's management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and to fulfill requirements of the U.S. Department of Housing and Urban Development, Real Estate Assessment Center, and is not a required part of the basic financial statements. This supplemental schedule is also the responsibility of the Authority's management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read "Santina Fischler" followed by a flourish.

September 18, 2012

HOUSING AUTHORITY OF THE CITY OF DEL CITY

STATEMENTS OF NET ASSETS

<i>December 31,</i>	2011	2010
ASSETS		
Current Assets:		
Cash - unrestricted	\$ 176,465	\$ 140,285
Cash - restricted for tenants' security deposits	12,000	11,250
Cash - restricted for housing assistance payments	88,969	62,231
Investments - unrestricted	28,984	28,762
Accounts receivable:		
Tenants, net of allowance for doubtful accounts of \$243 in 2011 and \$1,116 in 2010	986	1,215
U.S. Department of Housing and Urban Development	408	12,719
Other	257	1,588
Interest receivable	17	45
Inventory	14,106	10,895
Prepaid expenses	9,056	4,133
Total Current Assets	331,248	273,123
Property and Equipment, at cost:		
Land	344,951	344,951
Buildings and improvements	5,244,092	5,209,972
Furniture and equipment	139,031	133,800
Total Property and Equipment	5,728,074	5,688,723
Less accumulated depreciation	2,507,245	2,316,034
Net Property and Equipment	3,220,829	3,372,689
Total Assets	\$ 3,552,077	\$ 3,645,812

The accompanying notes are an integral part of the financial statements.

<i>December 31,</i>	2011	2010
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable:

Trade	\$ 13,556	\$ 18,153
Tenants' security deposits	12,000	11,250
U.S. Department of Housing and Urban Development	-	1,659

Accrued liabilities:

Payroll and payroll taxes	8,934	7,718
Compensated absences	3,295	4,218
Payments in lieu of taxes	17,112	20,620
Other	6,018	-

Deferred revenues	<u>1,336</u>	<u>1,517</u>
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Total Current Liabilities	62,251	65,135
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Accrued Compensated Absences - Noncurrent	<u>1,251</u>	<u>6,888</u>
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Total Liabilities	<u>63,502</u>	<u>72,023</u>
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Net Assets:

Unrestricted	178,777	138,869
Restricted	88,969	62,231
Invested in capital assets, net of related debt	<u>3,220,829</u>	<u>3,372,689</u>

Total Net Assets	<u>3,488,575</u>	<u>3,573,789</u>
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Total Liabilities and Net Assets	<u><u>\$ 3,552,077</u></u>	<u><u>\$ 3,645,812</u></u>
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**HOUSING AUTHORITY OF THE CITY OF DEL CITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS**

<i>Years Ended December 31,</i>	2011	2010
Operating Revenues:		
Dwelling rental	\$ 152,858	\$ 158,962
Other tenant revenue	-	1,096
Total tenant revenue	<u>152,858</u>	<u>160,058</u>
Other operating revenue	<u>10,389</u>	<u>10,694</u>
Total Operating Revenues	<u>163,247</u>	<u>170,752</u>
Operating Expenses:		
Ordinary maintenance and operation	194,170	197,853
Administrative services	151,037	181,766
Depreciation	191,211	180,253
Utilities	58,820	58,144
Insurance	30,009	29,734
Other general expenses	9,247	10,731
Payments in lieu of taxes	9,404	10,082
Tenant services	3,294	5,709
Extraordinary maintenance	<u>12,830</u>	<u>5,297</u>
Total Operating Expenses	<u>660,022</u>	<u>679,569</u>
Operating Loss	<u>(496,775)</u>	<u>(508,817)</u>
Nonoperating Revenue (Expense):		
HUD grants and subsidies:		
Section 8 vouchers	348,794	344,139
Public housing operating subsidies	238,043	237,008
Public housing capital fund	122,058	121,352
Housing assistance payments	(297,881)	(313,520)
Investment income	<u>547</u>	<u>738</u>
Total Nonoperating Revenue (Expense)	<u>411,561</u>	<u>389,717</u>
Change in Net Assets Before Capital Grants	<u>(85,214)</u>	<u>(119,100)</u>
Capital Grants	<u>-</u>	<u>116,040</u>
Change in Net Assets	<u>(85,214)</u>	<u>(3,060)</u>
Net Assets, beginning of year	<u>3,573,789</u>	<u>3,576,849</u>
Net Assets, end of year	<u><u>\$ 3,488,575</u></u>	<u><u>\$ 3,573,789</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE CITY OF DEL CITY

STATEMENTS OF CASH FLOWS

<i>Years Ended December 31,</i>	2011	2010
Cash Flows From Operating Activities:		
Cash received from tenants	\$ 153,656	\$ 153,679
Cash received from other sources	11,720	10,694
Cash payments to employees for services	(147,442)	(173,719)
Cash payments for goods and services	<u>(343,241)</u>	<u>(329,903)</u>
Net Cash Used in Operating Activities	<u>(325,307)</u>	<u>(339,249)</u>
Cash Flows From Noncapital Financing Activities:		
HUD grants and subsidies	706,828	677,754
Housing Assistance Payments	<u>(291,574)</u>	<u>(312,629)</u>
Net Cash Provided By Noncapital Financing Activities	<u>415,254</u>	<u>365,125</u>
Cash Flows From Capital and Related Financing Activities		
HUD grants and subsidies	12,719	134,746
Additions to property and equipment	<u>(39,351)</u>	<u>(178,430)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(26,632)</u>	<u>(43,684)</u>
Cash Flows From Investing Activities:		
Receipts of interest income	575	754
Increase in investments	<u>(222)</u>	<u>(300)</u>
Net Cash Provided by Investing Activities	<u>353</u>	<u>454</u>
Net Increase (Decrease) Cash and Cash Equivalents	63,668	(17,354)
Cash and Cash Equivalents, beginning of year	<u>213,766</u>	<u>231,120</u>
Cash and Cash Equivalents, end of year	<u>\$ 277,434</u>	<u>\$ 213,766</u>

The accompanying notes are an integral part of the financial statements.

2011**2010**

Composition of Cash and Cash Equivalents:

Cash - unrestricted	\$ 176,465	\$ 140,285
Cash - restricted for tenants' security deposits	12,000	11,250
Cash - other restricted	88,969	62,231
	<u>\$ 277,434</u>	<u>\$ 213,766</u>

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:

Operating loss	\$ (496,775)	\$ (508,817)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	191,211	180,253
Net change in:		
Accounts receivable - tenants	229	432
Accounts receivable - other	1,331	(1,588)
Prepaid expenses	(4,923)	(1,144)
Inventory	(3,211)	(3,052)
Accounts payable - trade	(10,904)	4,067
Accounts payable - tenant security deposits	750	(1,055)
Accrued liabilities	(2,834)	(4,177)
Deferred revenues	(181)	(4,168)
	<u>\$ (325,307)</u>	<u>\$ (339,249)</u>

Net Cash Used in Operating Activities

HOUSING AUTHORITY OF THE CITY OF DEL CITY

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity: The Housing Authority of the City of Del City (the "Authority") is a municipal entity organized for the development, operation and administration of low rent housing programs. The programs are administered through the U.S. Department of Housing and Urban Development ("HUD") under the U.S. Housing Act of 1937, as amended. The primary purpose of the programs is to provide safe, decent, and sanitary housing for low-income families in the Del City, Oklahoma area.

The Authority operates its programs primarily with grants and subsidies received from HUD under contractual agreements and with rental proceeds received from tenants. Funds for the acquisition, development, or modernization of dwelling units have generally been derived from HUD grants.

The Authority is exposed to all common risks associated with the ownership of rental real estate properties. These risks are covered by commercial insurance.

The Authority has no component units, as defined by the Government Accounting Standards Board ("GASB").

Basis of Accounting: The Authority presents its activities in a proprietary fund category. The measurement focus of proprietary activities is on the determination of net income, financial position, and cash flows. As a result, the Authority uses the accrual method of accounting, whereby revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services to tenants. Operating revenues and expenses consist of rental revenues and other charges collected from tenants, and expenses associated with operating low-income housing projects. All other revenues and expenses are reported as nonoperating revenues and expenses.

The Authority follows the policy of applying all applicable pronouncements of GASB, as well as following all Financial Accounting Standards Board statements and interpretations, except for those that conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Authority considers highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Cash balances are maintained at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation currently up to \$250,000.

HOUSING AUTHORITY OF THE CITY OF DEL CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

Investments: Investments consist of short-term certificates of deposit, which are considered money market type investments as defined by the GASB. The investments are recorded at cost, which approximates market value.

Inventory: Inventory consists of expendable materials and supplies held for consumption. They are valued at cost (first-in, first-out method).

Property and Equipment: Property and equipment are recorded at cost, which is comprised of development and modernization costs (including capitalized interest, if any), the fair value of donated assets, the cost of property betterments, and the cost of additions from operations. Upon sale or retirement, the costs are removed from the accounts and the resulting gain or loss is included in income or expense. It is the policy of the Authority to capitalize all assets with a cost of \$500 or greater. Depreciation of property and equipment is provided using the straight-line method over the estimated lives of the respective assets as follows:

Buildings and improvements	15 - 40 years
Furniture and equipment	3 - 5 years

Repairs and maintenance are expensed as incurred, whereas major improvements are capitalized.

Compensated Absences: Vested or accumulated vacation leave is accrued as an expense as the benefits accrue to employees.

Income Taxes: The Authority, as a governmental entity, is not liable for federal and state income taxes. However, the Authority does make annual payments in lieu of taxes ("PILOT") to local school districts.

Interfund Balances: Balances receivable or payable between separate program funds established by the Authority, and interfund operating transfers and equity transfers are eliminated in the preparation of these financial statements.

Net Assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Restricted net assets at December 31, 2011 and 2010 consist of housing assistance payment funding received from HUD's Housing Choice Voucher Program. HUD has restricted the use of this funding for future rental assistance payments, subject to current program guidelines.

HOUSING AUTHORITY OF THE CITY OF DEL CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

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 judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated through September 18, 2012, which is the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

It is the Authority's policy to invest in those securities which are authorized by HUD. Such investments generally consist of obligations of the U. S. government and its agencies and instrumentalities, collateralized or insured certificates of deposit, or other bank deposits, and certain other commercial instruments. The primary objectives of the Authority's investment policy are safety, liquidity, yield, and administrative costs.

The cash balances of the Authority are categorized to give an indication of the level of risk assumed by the Authority at December 31, 2011 and 2010, as follows:

	2011				
	<u>(a)</u>	<u>Category (b)</u>	<u>(c)</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents	\$ 290,855	\$ -	\$ 22,772	\$ 313,627	\$ 277,434
Certificates of deposit (classified as investments)	<u>28,984</u>	<u>-</u>	<u>-</u>	<u>28,984</u>	<u>28,984</u>
	<u>\$ 319,839</u>	<u>\$ -</u>	<u>\$ 22,772</u>	<u>\$ 342,611</u>	<u>\$ 306,418</u>

HOUSING AUTHORITY OF THE CITY OF DEL CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2010				
	(a)	Category (b)	(c)	Bank Balance	Carrying Amount
Cash and cash equivalents	\$ 233,106	\$ -	\$ -	\$ 233,106	\$ 213,766
Certificates of deposit (classified as investments)	28,762	-	-	28,762	28,762
	<u>\$ 261,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,868</u>	<u>\$ 242,528</u>

Deposit Categories of Custodial Credit Risk

- (a): Insured by the Federal Deposit Insurance Corporation.
- (b): Collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the Authority's name.
- (c): Uncollateralized.

As of December 31, 2011, the Authority's investments in certificates of deposit are all due in 2012.

3. PROPERTY AND EQUIPMENT

Activity in property and equipment for 2011 and 2010 is as follows:

	01/01/11	Increases	Decreases	12/31/11
Land (not depreciated)	\$ 344,951	\$ -	\$ -	\$ 344,951
Buildings and improvements	5,209,972	34,120	-	5,244,092
Furniture and equipment	133,800	5,231	-	139,031
Total Depreciable Assets	<u>5,343,772</u>	<u>39,351</u>	<u>-</u>	<u>5,383,123</u>
Less Accumulated Depreciation	<u>(2,316,034)</u>	<u>(191,211)</u>	<u>-</u>	<u>(2,507,245)</u>
Net Property and Equipment	<u>\$ 3,372,689</u>	<u>\$ (151,860)</u>	<u>\$ -</u>	<u>\$ 3,220,829</u>

HOUSING AUTHORITY OF THE CITY OF DEL CITY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>01/01/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/10</u>
Land (not depreciated)	\$ 344,951	\$ -	\$ -	\$ 344,951
Buildings and improvements	4,979,338	230,634	-	5,209,972
Furniture and equipment	<u>89,140</u>	<u>44,660</u>	<u>-</u>	<u>133,800</u>
Total Depreciable Assets	<u>5,068,478</u>	<u>275,294</u>	<u>-</u>	<u>5,343,772</u>
Construction in Progress	155,874	38,182	(194,056)	-
Less Accumulated Depreciation	<u>(2,135,780)</u>	<u>(180,254)</u>	<u>-</u>	<u>(2,316,034)</u>
Net Property and Equipment	<u>\$ 3,433,523</u>	<u>\$ 133,222</u>	<u>\$ (194,056)</u>	<u>\$ 3,372,689</u>

4. ACCOUNTS RECEIVABLE-U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

Accounts receivable-HUD consists of the following as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Public Housing Capital Fund Program	\$ -	\$ 12,719
Section 8 Housing Choice Vouchers	<u>408</u>	<u>-</u>
	<u>\$ 408</u>	<u>\$ 12,719</u>

5. COMMITMENTS AND CONTINGENCIES

The activities of the Authority are currently funded in large part by the Federal Government and future operations of the Authority are reliant on continuation of this funding from the Federal Government.

Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed expenses resulting from audit findings and adjustments may constitute a liability of the Authority. The amount of expenses which may be disallowed by HUD, if any, cannot be determined at this time, although the Authority expects such amounts to be immaterial.

6. RETIREMENT PLAN

The Authority has a defined contribution plan covering all eligible employees who elect to participate. The Authority is required to contribute 5% of a participating employee's compensation to the plan. Employee and Authority contributions to the plan vest immediately. The Authority contributions to the plan were \$1,581 in 2011 and \$4,845 in 2010.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF DEL CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Program Title	Federal CFDA No.	Current Year Award Amount	Current Year Expenditures
US Department of Housing and Urban Development			
Section 8 – Housing Choice Vouchers	14.871	\$ 348,794	\$ 348,794 (*)
Low Rent Public Housing	14.850	238,043	238,043
Public Housing Capital Fund Program	14.872	<u>122,058</u>	<u>122,058</u> (*)
Total		<u>\$ 708,895</u>	<u>\$ 708,895</u>

(*) Major Program

HOUSING AUTHORITY OF THE CITY OF DEL CITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2011

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal contract and grant activity of the Housing Authority of the City of Del City, (the "Authority") and is presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations.*" Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. AMOUNTS PAID TO SUBRECIPIENTS

There were no significant amounts provided to subrecipients for the year ended December 31, 2011.

**HOUSING AUTHORITY OF THE CITY OF DEL CITY
FINANCIAL DATA SCHEDULE**

December 31, 2011

Line Item No.	Description	Project Total	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
Balance Sheet						
111	Cash - Unrestricted	\$ 149,551	\$ 26,914	\$ 176,465	\$ -	\$ 176,465
112	Cash - Restricted - Modernization and Development	\$ -	\$ -	\$ -	\$ -	\$ -
113	Cash - Other Restricted	\$ -	\$ 88,969	\$ 88,969	\$ -	\$ 88,969
114	Cash - Tenant Security Deposits	\$ 12,000	\$ -	\$ 12,000	\$ -	\$ 12,000
115	Cash - Restricted for Payment of Current Liability	\$ -	\$ -	\$ -	\$ -	\$ -
100	Total Cash	\$ 161,551	\$ 115,883	\$ 277,434	\$ -	\$ 277,434
121	Accounts Receivable - PHA Projects	\$ -	\$ -	\$ -	\$ -	\$ -
122	Accounts Receivable - HUD Other Projects	\$ -	\$ 408	\$ 408	\$ -	\$ 408
124	Accounts Receivable - Other Government	\$ -	\$ -	\$ -	\$ -	\$ -
125	Accounts Receivable - Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
126	Accounts Receivable - Tenants	\$ 1,229	\$ -	\$ 1,229	\$ -	\$ 1,229
126.1	Allowance for Doubtful Accounts - Tenants	\$ (243)	\$ -	\$ (243)	\$ -	\$ (243)
126.2	Allowance for Doubtful Accounts - Other	\$ -	\$ -	\$ -	\$ -	\$ -
127	Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -	\$ -	\$ -	\$ -
128	Fraud Recovery	\$ -	\$ 1,029	\$ 1,029	\$ -	\$ 1,029
128.1	Allowance for Doubtful Accounts - Fraud	\$ -	\$ (772)	\$ (772)	\$ -	\$ (772)
129	Accrued Interest Receivable	\$ 17	\$ -	\$ 17	\$ -	\$ 17
120	Total Receivables, net of Allowances for Doubtful Accounts	\$ 1,003	\$ 665	\$ 1,668	\$ -	\$ 1,668
131	Investments - Unrestricted	\$ 28,984	\$ -	\$ 28,984	\$ -	\$ 28,984
132	Investments - Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
135	Investments - Restricted for Payment of Current Liability	\$ -	\$ -	\$ -	\$ -	\$ -
142	Prepaid Expenses and Other Assets	\$ 7,378	\$ 1,678	\$ 9,056	\$ -	\$ 9,056
143	Inventories	\$ 15,673	\$ -	\$ 15,673	\$ -	\$ 15,673
143.1	Allowance for Obsolete Inventories	\$ (1,567)	\$ -	\$ (1,567)	\$ -	\$ (1,567)
144	Inter Program Due From	\$ 50,124	\$ -	\$ 50,124	\$ (50,124)	\$ -
145	Assets Held for Sale	\$ -	\$ -	\$ -	\$ -	\$ -
150	Total Current Assets	\$ 263,146	\$ 118,226	\$ 381,372	\$ (50,124)	\$ 331,248
161	Land	\$ 344,951	\$ -	\$ 344,951	\$ -	\$ 344,951
162	Buildings	\$ 5,244,092	\$ -	\$ 5,244,092	\$ -	\$ 5,244,092
163	Furniture, Equipment & Machinery - Dwellings	\$ 550	\$ -	\$ 550	\$ -	\$ 550
164	Furniture, Equipment & Machinery - Administration	\$ 135,993	\$ 2,488	\$ 138,481	\$ -	\$ 138,481
165	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -
166	Accumulated Depreciation	\$ (2,504,757)	\$ (2,488)	\$ (2,507,245)	\$ -	\$ (2,507,245)
167	Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
168	Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -
160	Total Capital Assets, Net of Accumulated Depreciation	\$ 3,220,829	\$ -	\$ 3,220,829	\$ -	\$ 3,220,829
171	Notes, Loans and Mortgages Receivable - Non-Current	\$ -	\$ -	\$ -	\$ -	\$ -
172	Notes, Loans and Mortgages Receivable - Non-Current - Past Due	\$ -	\$ -	\$ -	\$ -	\$ -
173	Grants Receivable - Non Current	\$ -	\$ -	\$ -	\$ -	\$ -
174	Other Assets	\$ -	\$ -	\$ -	\$ -	\$ -
176	Investments in Joint Ventures	\$ -	\$ -	\$ -	\$ -	\$ -
180	Total Non-current Assets	\$ 3,220,829	\$ -	\$ 3,220,829	\$ -	\$ 3,220,829
190	Total Assets	\$ 3,483,975	\$ 118,226	\$ 3,602,201	\$ (50,124)	\$ 3,552,077

See independent auditors' report.

**HOUSING AUTHORITY OF THE CITY OF DEL CITY
FINANCIAL DATA SCHEDULE**

December 31, 2011

Line Item No.	Description	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts Payable <= 90 Days	\$ 6,686	\$ 6,870	\$ 13,556	\$ -	\$ 13,556
313	Accounts Payable >90 Days Past Due	\$ -	\$ -	\$ -	\$ -	\$ -
321	Accrued Wage/Payroll Taxes Payable	\$ 8,895	\$ 39	\$ 8,934	\$ -	\$ 8,934
322	Accrued Compensated Absences - Current Portion	\$ 3,203	\$ 92	\$ 3,295	\$ -	\$ 3,295
324	Accrued Contingency Liability	\$ -	\$ -	\$ -	\$ -	\$ -
325	Accrued Interest Payable	\$ -	\$ -	\$ -	\$ -	\$ -
331	Accounts Payable - HUD PHA Programs	\$ -	\$ -	\$ -	\$ -	\$ -
332	Accounts Payable - PHA Projects	\$ -	\$ -	\$ -	\$ -	\$ -
333	Accounts Payable - Other Government	\$ 17,112	\$ -	\$ 17,112	\$ -	\$ 17,112
341	Tenant Security Deposits	\$ 12,000	\$ -	\$ 12,000	\$ -	\$ 12,000
342	Deferred Revenues	\$ 1,336	\$ -	\$ 1,336	\$ -	\$ 1,336
343	Current Portion of Long-term Debt - Capital Projects/Mortgage	\$ -	\$ -	\$ -	\$ -	\$ -
344	Current portion of long-term debt - operating borrowings	\$ -	\$ -	\$ -	\$ -	\$ -
345	Other Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
346	Accrued Liabilities - Other	\$ 6,018	\$ -	\$ 6,018	\$ -	\$ 6,018
347	Inter Program - Due To	\$ -	\$ 50,124	\$ 50,124	\$ (50,124)	\$ -
348	Loan Liability - Current	\$ -	\$ -	\$ -	\$ -	\$ -
310	Total Current Liabilities	\$ 55,250	\$ 57,125	\$ 112,375	\$ (50,124)	\$ 62,251
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	\$ 1,246	\$ 5	\$ 1,251	\$ -	\$ 1,251
355	Loan Liability - Non Current	\$ -	\$ -	\$ -	\$ -	\$ -
356	FASB 5 Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
357	Accrued Pension and OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
350	Total Non-Current Liabilities	\$ 1,246	\$ 5	\$ 1,251	\$ -	\$ 1,251
300	Total Liabilities	\$ 56,496	\$ 57,130	\$ 113,626	\$ (50,124)	\$ 63,502
508.1	Invested in Capital Assets, Net of Related Debt	\$ 3,220,829	\$ -	\$ 3,220,829	\$ -	\$ 3,220,829
509.2	Fund Balance Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
511.2	Unreserved, Designated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
511.1	Restricted Net Assets	\$ -	\$ 88,969	\$ 88,969	\$ -	\$ 88,969
512.1	Unrestricted Net Assets	\$ 206,650	\$ (27,873)	\$ 178,777	\$ -	\$ 178,777
512.2	Unreserved, Undesignated Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
513	Total Equity/Net Assets	\$ 3,427,479	\$ 61,096	\$ 3,488,575	\$ -	\$ 3,488,575
600	Total Liabilities and Equity/Net Assets	\$ 3,483,975	\$ 118,226	\$ 3,602,201	\$ (50,124)	\$ 3,552,077

Income Statement						
70300	Net Tenant Rental Revenue	\$ 152,858	\$ -	\$ 152,858	\$ -	\$ 152,858
70400	Tenant Revenue - Other	\$ -	\$ -	\$ -	\$ -	\$ -
70500	Total Tenant Revenue	\$ 152,858	\$ -	\$ 152,858	\$ -	\$ 152,858
70600	HUD PHA Operating Grants	\$ 360,101	\$ 348,794	\$ 708,895	\$ -	\$ 708,895

See independent auditors' report.

**HOUSING AUTHORITY OF THE CITY OF DEL CITY
FINANCIAL DATA SCHEDULE**

December 31, 2011

Line Item No.	Description	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70610	Capital Grants	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ 404	\$ -	\$ 404	\$ -	\$ 404
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	\$ 9,575	\$ 814	\$ 10,389	\$ -	\$ 10,389
71600	Gain or Loss on Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
72000	Investment Income - Restricted	\$ -	\$ 143	\$ 143	\$ -	\$ 143
70000	Total Revenue	\$ 522,938	\$ 349,751	\$ 872,689	\$ -	\$ 872,689
91100	Administrative Salaries	\$ 66,869	\$ 13,139	\$ 80,008	\$ -	\$ 80,008
91200	Auditing Fees	\$ 8,500	\$ 1,500	\$ 10,000	\$ -	\$ 10,000
91300	Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
91310	Book-keeping Fee	\$ -	\$ -	\$ -	\$ -	\$ -
91400	Advertising and Marketing	\$ 71	\$ 13	\$ 84	\$ -	\$ 84
91500	Employee Benefit Contributions - Administrative	\$ 13,936	\$ 1,456	\$ 15,392	\$ -	\$ 15,392
91600	Office Expenses	\$ 11,943	\$ 2,656	\$ 14,599	\$ -	\$ 14,599
91700	Legal Expense	\$ 3,214	\$ 567	\$ 3,781	\$ -	\$ 3,781
91800	Travel	\$ 1,127	\$ 199	\$ 1,326	\$ -	\$ 1,326
91810	Allocated Overhead	\$ -	\$ -	\$ -	\$ -	\$ -
91900	Other	\$ 13,170	\$ 12,677	\$ 25,847	\$ -	\$ 25,847
91000	Total Operating - Administrative	\$ 118,830	\$ 32,207	\$ 151,037	\$ -	\$ 151,037
92000	Asset Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -
92100	Tenant Services - Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
92200	Relocation Costs	\$ -	\$ -	\$ -	\$ -	\$ -
92300	Employee Benefit Contributions - Tenant Services	\$ -	\$ -	\$ -	\$ -	\$ -
92400	Tenant Services - Other	\$ 3,294	\$ -	\$ 3,294	\$ -	\$ 3,294
92500	Total Tenant Services	\$ 3,294	\$ -	\$ 3,294	\$ -	\$ 3,294
93100	Water	\$ 11,443	\$ -	\$ 11,443	\$ -	\$ 11,443
93200	Electricity	\$ 37,020	\$ -	\$ 37,020	\$ -	\$ 37,020
93300	Gas	\$ 354	\$ -	\$ 354	\$ -	\$ 354
93400	Fuel	\$ -	\$ -	\$ -	\$ -	\$ -
93500	Labor	\$ -	\$ -	\$ -	\$ -	\$ -
93600	Sewer	\$ 10,003	\$ -	\$ 10,003	\$ -	\$ 10,003
93700	Employee Benefit Contributions - Utilities	\$ -	\$ -	\$ -	\$ -	\$ -
93800	Other Utilities Expense	\$ -	\$ -	\$ -	\$ -	\$ -
93000	Total Utilities	\$ 58,820	\$ -	\$ 58,820	\$ -	\$ 58,820

See independent auditors' report.

**HOUSING AUTHORITY OF THE CITY OF DEL CITY
FINANCIAL DATA SCHEDULE**

December 31, 2011

Line Item No.	Description	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
94100	Ordinary Maintenance and Operations - Labor	\$ 55,462	\$ -	\$ 55,462	\$ -	\$ 55,462
94200	Ordinary Maintenance and Operations - Materials and Other	\$ 50,654	\$ -	\$ 50,654	\$ -	\$ 50,654
94300	Ordinary Maintenance and Operations Contracts	\$ 73,292	\$ -	\$ 73,292	\$ -	\$ 73,292
94500	Ordinary Maintenance and Operations - Ordinary Maintenance	\$ 14,762	\$ -	\$ 14,762	\$ -	\$ 14,762
94000	Total Maintenance	\$ 194,170	\$ -	\$ 194,170	\$ -	\$ 194,170
95100	Protective Services - Labor	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Protective Services - Other Contract Costs	\$ -	\$ -	\$ -	\$ -	\$ -
95300	Protective Services - Other	\$ -	\$ -	\$ -	\$ -	\$ -
95500	Employee Benefit Contributions - Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -
95000	Total Protective Services	\$ -	\$ -	\$ -	\$ -	\$ -
96110	Property Insurance	\$ 16,853	\$ -	\$ 16,853	\$ -	\$ 16,853
96120	Liability Insurance	\$ 2,577	\$ 446	\$ 3,023	\$ -	\$ 3,023
96130	Workmen's Compensation	\$ 3,182	\$ 561	\$ 3,743	\$ -	\$ 3,743
96140	All Other Insurance	\$ 5,918	\$ 472	\$ 6,390	\$ -	\$ 6,390
96100	Total Insurance Premiums	\$ 28,530	\$ 1,479	\$ 30,009	\$ -	\$ 30,009
96200	Other General Expenses	\$ 2,217	\$ -	\$ 2,217	\$ -	\$ 2,217
96210	Compensated Absences	\$ 5,442	\$ 1,186	\$ 6,628	\$ -	\$ 6,628
96300	Payments in Lieu of Taxes	\$ 9,404	\$ -	\$ 9,404	\$ -	\$ 9,404
96400	Bad debt - Tenant Rents	\$ 282	\$ -	\$ 282	\$ -	\$ 282
96500	Bad debt - Mortgages	\$ -	\$ -	\$ -	\$ -	\$ -
96600	Bad debt - Other	\$ -	\$ 120	\$ 120	\$ -	\$ 120
96800	Severance Expense	\$ -	\$ -	\$ -	\$ -	\$ -
96000	Total Other General Expenses	\$ 17,345	\$ 1,306	\$ 18,651	\$ -	\$ 18,651
96710	Interest of Mortgage (or Bonds) Payable	\$ -	\$ -	\$ -	\$ -	\$ -
96720	Interest on Notes Payable (Short and Long Term)	\$ -	\$ -	\$ -	\$ -	\$ -
96730	Amortization of Bond Issue Costs	\$ -	\$ -	\$ -	\$ -	\$ -
96700	Total Interest Expense and Amortization Cost	\$ -	\$ -	\$ -	\$ -	\$ -
96900	Total Operating Expenses	\$ 420,989	\$ 34,992	\$ 455,981	\$ -	\$ 455,981
97000	Excess of Operating Revenue over Operating Expenses	\$ 101,949	\$ 314,759	\$ 416,708	\$ -	\$ 416,708
97100	Extraordinary Maintenance	\$ 12,830	\$ -	\$ 12,830	\$ -	\$ 12,830
97200	Casualty Losses - Non-capitalized	\$ -	\$ -	\$ -	\$ -	\$ -
97300	Housing Assistance Payments	\$ -	\$ 297,881	\$ 297,881	\$ -	\$ 297,881
97350	HAP Portability-In	\$ -	\$ -	\$ -	\$ -	\$ -
97400	Depreciation Expense	\$ 191,211	\$ -	\$ 191,211	\$ -	\$ 191,211
97500	Fraud Losses	\$ -	\$ -	\$ -	\$ -	\$ -
97600	Capital Outlays - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -
97700	Debt Principal Payment - Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -
97800	Dwelling Units Rent Expense	\$ -	\$ -	\$ -	\$ -	\$ -
90000	Total Expenses	\$ 625,030	\$ 332,873	\$ 957,903	\$ -	\$ 957,903

See independent auditors' report.

**HOUSING AUTHORITY OF THE CITY OF DEL CITY
FINANCIAL DATA SCHEDULE**

December 31, 2011

Line Item No.	Description	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10010	Operating Transfer In	\$ 122,058	\$ -	\$ 122,058	\$ (122,058)	\$ -
10020	Operating Transfer Out	\$ (122,058)	\$ -	\$ (122,058)	\$ 122,058	\$ -
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	Other Other Financing Source (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -
10000	Excess (Deficiency) of Revenue Over (Under) Total Expenses	\$ (102,092)	\$ 16,878	\$ (85,214)	\$ -	\$ (85,214)
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning Equity	\$ 3,529,571	\$ 44,218	\$ 3,573,789	\$ -	\$ 3,573,789
11040	Prior period Adjustments, Equity Transfers and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -
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	\$ -	\$ (27,873)	\$ (27,873)	\$ -	\$ (27,873)
11180	Housing Assistance Payments Equity	\$ -	\$ 88,969	\$ 88,969	\$ -	\$ 88,969
11190	Unit Months Available	\$ 1,200	\$ 744	\$ 1,944	\$ -	\$ 1,944
11210	Number of Unit Months Leased	\$ 1,147	\$ 539	\$ 1,686	\$ -	\$ 1,686
11270	Excess Cash	\$ 151,330	\$ -	\$ 151,330	\$ -	\$ 151,330
11610	Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
11620	Building Purchases	\$ 34,120	\$ -	\$ 34,120	\$ -	\$ 34,120
11630	Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
11640	Furniture & Equipment - Administrative Purchases	\$ 5,231	\$ -	\$ 5,231	\$ -	\$ 5,231
11650	Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
11660	Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -	\$ -
13510	CFFP Debt Service Payments	\$ -	\$ -	\$ -	\$ -	\$ -
13901	Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.



Independent Auditors' Report on Other Supplementary Information

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

We have audited the statement of net assets of the Housing Authority of the City of Del City (the "Authority") as of December 31, 2011, and the related statements of revenues, expenses and changes in net assets, and cash flows for the year then ended and have issued our report thereon dated September 18, 2012, which appears on page 1 and page 2. These financial statements are the responsibility of the Authority's management.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 19-21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of the Authority's management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Sartain Fischbein + Co.

September 18, 2012

HOUSING AUTHORITY OF THE CITY OF DEL CITY
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
CERTIFICATE PROJECT NUMBER OK56P15050106
DECEMBER 31, 2011

1. The actual development cost of the project is as follows:

	Classification	OK56P15050106
1430	Fees and costs	\$ 42,266
1465	Dwelling equipment	<u>77,141</u>
		<u>\$ 119,407</u>

2. The distribution of costs by major cost accounts as shown above and the actual modernization cost certificate submitted to HUD on March 27, 2012 are in agreement with the Authority's records.

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

4. The Authority had no budget overruns.

Funds approved	\$ 119,407
Funds advanced	<u>(119,407)</u>
Excess of funds approved	<u>\$ -</u>
Funds advanced	\$ 119,407
Funds expended	<u>(119,407)</u>
Excess of funds advanced	<u>\$ -</u>

HOUSING AUTHORITY OF THE CITY OF DEL CITY
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
CERTIFICATE PROJECT NUMBER OK56P15050107
DECEMBER 31, 2011

1. The actual development cost of the project is as follows:

	Classification	OK56P15050107
1406	Operations	\$ 7,000
1408	Management improvement	5,000
1410	Administration	10,000
1430	Fees and costs	17,500
1450	Site improvement	4,700
1460	Dwelling structures	72,480
1475	Non-dwelling equipment	3,000
1495	Relocation costs	500
		<hr/>
		\$ 120,180
		<hr/> <hr/>

2. The distribution of costs by major cost accounts as shown above and the actual modernization cost certificate submitted to HUD on March 27, 2012 are in agreement with the Authority's records.
3. All modernization costs and related liabilities have been paid.
4. The Authority had no budget overruns.

Funds approved	\$ 120,180
Funds advanced	<hr/> (120,180)
Excess of funds approved	<hr/> \$ -
Funds advanced	\$ 120,180
Funds expended	<hr/> (120,180)
Excess of funds advanced	<hr/> \$ -

HOUSING AUTHORITY OF THE CITY OF DEL CITY
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COST
CERTIFICATE PROJECT NUMBER OK56S15050109
DECEMBER 31, 2011

1. The actual development cost of the project is as follows:

	Classification	OK56S15050109
1460	Dwelling structures	\$ <u>151,605</u>
		\$ <u>151,605</u>

2. The distribution of costs by major cost accounts as shown above and the actual modernization cost certificate submitted to HUD on August 17, 2012 are in agreement with the Authority's records.
3. All modernization costs and related liabilities have been paid.
4. The Authority had no budget overruns.

Funds approved	\$ 151,605
Funds advanced	<u>(151,605)</u>
Excess of funds approved	\$ <u>-</u>
Funds advanced	\$ 151,605
Funds expended	<u>(151,605)</u>
Excess of funds advanced	\$ <u>-</u>

**OTHER REPORTS AND SCHEDULES IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*
AND OMB CIRCULAR A-133**



**Independent Auditors' 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***

To the Board of Commissioners
Housing Authority of the City of Del City
Del City, Oklahoma

We have audited the financial statements of the Housing Authority of the City of Del City (the "Authority") as of and for the year ended December 31, 2011, and have issued our report thereon dated September 18, 2012. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Authority'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*.

We noted certain matters that we reported to management in a separate letter dated September 18, 2012.

This report is intended solely for the information and use of management, the Board of Commissioners, and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Justin Ficklen + Co".

September 18, 2012



**Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major
Program and on Internal Control Over Compliance in
Accordance with OMB Circular A-133**

To the Board of Commissioners
Housing Authority of the City of Del City
Del City, Oklahoma

COMPLIANCE

We have audited the Housing Authority of the City of Del City's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 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, 2011. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

As described in item 11-01 is the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Eligibility that are applicable to its Section 8 Housing Choice Vouchers program. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.



To the Board of Commissioners
Housing Authority of the City of Del City
Page 2

INTERNAL CONTROL OVER COMPLIANCE

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 11-01. *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.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Commissioners, and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

September 18, 2012

HOUSING AUTHORITY OF THE CITY OF DEL CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2011

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of independent auditors' report issued: **Unqualified**

Internal control over financial reporting:

Material weakness identified? **No**

Significant deficiency identified not considered to be a material weakness? **N/A**

Noncompliance material to financial statements noted? **No**

Federal Awards

Internal control over major programs:

Material weakness identified? **No**

Significant deficiencies identified not considered to be a material weakness? **Yes**

Type of independent auditors' report issued on compliance with requirements applicable to major federal programs: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (Section .510(a))? **Yes**

Identification of Major Federal Programs or Clusters

CFDA Number

Section 8 – Housing Choice Vouchers Program	14.871
Public Housing Capital Fund	14.872

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? **No**

HOUSING AUTHORITY OF THE CITY OF DEL CITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended December 31, 2011

PART II - FINANCIAL STATEMENT FINDINGS

There were no material weaknesses, instances of noncompliance, or other items related to financial statements required to be reported in accordance with *Government Auditing Standards*.

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 11-01 Section 8 Housing Vouchers, CFDA #14.871

Criteria- A Public Housing Authority administering a Section 8 Housing Choice Vouchers program is required to perform reexaminations at least annually, i.e., file a HUD-50058 *Family Report*.

Condition- The Authority failed to perform annual reexaminations on four out of a sample of eighteen Section 8 tenants that were selected as part of our test of Section 8 eligibility and reporting compliance requirement testing.

Effect- Failing to perform reexaminations on an annual basis could potentially affect the amount of rent that the Authority and a Section 8 tenant pay a landlord, based on several factors including changes in tenant income.

Recommendation- A system should be in place to ensure that reexaminations be performed and in effect on a timely basis, on at least an annual basis in accordance with the criteria above.

Views of Responsible Officials and Planned Corrective Action- See Correction Action Plan on page 28.

HOUSING AUTHORITY OF THE CITY OF DEL CITY

CORRECTIVE ACTION PLAN (UNAUDITED)

Year Ended December 31, 2011

Finding 11-01 (Annual Reexaminations)

The Authority concurs with the recommendation and will review its practices to ensure compliance with the criteria related to annual reexaminations.

HOUSING AUTHORITY OF THE CITY OF DEL CITY

STATUS OF PRIOR YEAR FINDINGS

Year Ended December 31, 2010

Prior Year Finding 10-01: Low Rent Public Housing; Section 8 Housing Choice Vouchers

Finding – Personal items were being purchased with credit cards.

Status – Corrective action has been taken and this matter has been fully resolved. Management and the employees making personal purchases have been terminated by the board of commissioners. New management requires a purchase authorization form to be filled out and approved prior to potential credit card purchase. Management limits access to the credit card.

Prior Year Finding 10-02: Section 8 Housing Choice Vouchers

Finding – Standard payments being used did not appear reasonable when compared to HUD fair market rents or other comparable rentals in the area.

Status – Corrective action has been taken and this matter has been fully resolved. The board of commissioners has set payment standards at 92.5% of fair market rents.

Prior Year Finding 10-03: Low Rent Public Housing

Finding – The Declaration of Trust had not been updated since 1992.

Status – Corrective action has been taken and this matter has been fully resolved. The Authority has consulted with its attorney to update the Declaration of Trust, resulting in no changes to the document.

Prior Year Finding 10-04: Low Rent Public Housing

Finding – Depository agreements providing HUD with third-party rights to the Authority's funds were not on file with the Authority's financial institutions with which it does business.

Status – Corrective action has been taken and this matter has been fully resolved. The Authority has filed the appropriate HUD forms with its financial institutions.