

**HOUSING AUTHORITY OF MCALESTER, OKLAHOMA**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL DATA**

**TWELVE MONTHS ENDED JUNE 30, 2014**

**Mike Estes, P.C.**  
A Professional Accounting Corporation

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AUDIT QUALITY CENTER

Independent Auditor's Report

Board of Commissioners  
Housing Authority of McAlester  
McAlester, Oklahoma

***Report on the Financial Statements***

We have audited the accompanying financial statements of each major fund of the Housing Authority of the City of McAlester, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of McAlester, Oklahoma'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 each major fund of the Housing Authority of the City of McAlester, Oklahoma, as of June 30, 2014, 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 McAlester, Oklahoma's basic financial statements. The statement and certification of actual modernization costs, statement of modernization costs-uncompleted, and the financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Managements' Discussion and Analysis, statement and certification of actual modernization costs, statement of modernization costs-uncompleted, and the financial data schedules 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, and the financial data schedules 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 February 10, 2015 on our consideration of the Housing Authority of the City of McAlester, 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 McAlester, Oklahoma's internal control over financial reporting and compliance.

Mike Estes, P.C.  
Fort Worth, Texas  
February 10, 2015

# *McAlester Housing Authority*

## *Management's Discussion and Analysis*

### *For the Year Ended June 30, 2014*

#### **Introduction**

This Management's Discussion and Analysis (MD&A) of the McAlester Housing Authority (Authority) provides an introduction and overview to the financial statements of the McAlester Housing Authority for the fiscal year ended June 30, 2014. The McAlester Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2014, 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 McAlester 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 Authority has three individual programs. They include the Low Rent Public Housing Program, the Capital Fund Program (CFP), and the Housing Choice Voucher Program (HCV).

- The Low Rent Program consists of 274 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- The Capital Fund Program is also 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 Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- The Housing Choice Voucher Program provides rental assistance to aid low income families with affordable, decent, safe, and sanitary rental housing. The Authority provides rental assistance in the form of a housing assistance payment to a landlord on behalf of the tenant. The Authority currently has 73 units available. Funds are provided by HUD to provided rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The administrative fee is computed by HUD on an annual basis.

#### **Overview of the Financial Statements**

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

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

The Statement of Net Position presents information on the assets, deferred outflows or resources, 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:

*McAlester Housing Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014*

- 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 enabling legislation.
- 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 June 30, 2014, 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 June 30, 2014.

**Financial Highlights**

The McAlester Housing Authority's net position decreased from \$3,372,629 to \$3,340,431, a decrease of \$32,198 or 1%. Total assets also decreased by \$17,862 or 1%.

Total revenue decreased from \$1,859,764 to \$1,799,981, a decrease of \$59,783 or 3%.

Total expenses decreased by \$55,270, from \$1,887,449 to \$1,832,179 for the current year. This represents a decrease of 3%.

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Management's Discussion and Analysis  
For the Year Ended June 30, 2014*

**Housing Authority Activities & Highlights**

The 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 summary of net position for the year ended June 30, 2014, and 2013.

**Summary Statement of Net Position**

**Years Ended June 30, 2014 and 2013**

<b><u>Category</u></b>	<b><u>FYE 2014</u></b>	<b><u>FYE 2013</u></b>	<b><u>Change \$</u></b>	<b><u>Change %</u></b>
Current Assets	\$ 444,184	\$ 456,536	\$ (12,352)	-3%
Noncurrent Assets	\$ 3,090,130	\$ 3,095,640	\$ (5,510)	0%
Total Assets	\$ 3,534,314	\$ 3,552,176	\$ (17,862)	-1%
Current Liabilities	\$ 156,506	\$ 130,055	\$ 26,451	20%
Noncurrent Liabilities	\$ 37,377	\$ 49,492	\$ (12,115)	-24%
Total Liabilities	\$ 193,883	\$ 179,547	\$ 14,336	8%
Unrestricted	\$ 238,592	\$ 274,168	\$ (35,576)	-13%
Restricted	\$ 11,709	\$ 2,821	\$ 8,888	315%
Net Investment in Capital Assets	\$ 3,090,130	\$ 3,095,640	\$ (5,510)	0%
Total Net Position	\$ 3,340,431	\$ 3,372,629	\$ (32,198)	-1%

**Current Assets**

The Authority's current asset balances decreased by \$12,352. Unrestricted cash and investments decreased from \$382,894 as of June 30, 2013 to \$287,760 on June 30, 2014, a decrease of \$95,134. This was primarily due to operating expenditures exceeding operating revenues. Restricted cash and investments increased from \$2,821 as of June 30, 2013 to \$71,609 on June 30, 2014. This was primarily due to the classification of insurance proceeds not expended as restricted.

**Noncurrent Assets**

The Authority's noncurrent asset balance decreased primarily due to the recording of depreciation. Please note the capital asset portion presented in a later section.

**Current Liabilities**

Current liabilities increased by \$26,451 primarily due to the accrual of architect fees at the end of the fiscal year. In addition, the following items also increased: accrued liabilities in the amount of \$7,695, accounts payable in the amount of \$3,833 and unearned revenue in the amount of \$2,444.

**Noncurrent Liabilities**

Noncurrent liabilities decreased by \$26,451 due to a reduction in the amount of accrued leave at the end of the current year.



*McAlester Housing Authority  
Management's Discussion and Analysis  
For the Year Ended June 30, 2014*

**Net Position**

The net position of the Authority decreased by \$32,198 compared to the previous fiscal year. This was due to operating expenditures exceeding operating revenues.

The Authority's unrestricted component of net position changed from \$274,168 to \$238,592, a decrease of \$35,576 or 13% for the current year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

Low Rent Housing Program	\$ 226,367
Housing Choice Vouchers	<u>\$ 12,225</u>
Total Unrestricted	<u>\$ 238,592</u>

**Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended June 30, 2014 and 2013**

<u>Category</u>	<u>FYE 2014</u>	<u>FYE 2013</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 440,081	\$ 467,000	\$ (26,919)	-6%
HUD Operating Grants	\$ 978,616	\$ 1,049,593	\$ (70,977)	-7%
Capital Grants	\$ 299,820	\$ 333,337	\$ (33,517)	-10%
Interest Income	\$ 314	\$ 697	\$ (383)	-55%
Other Revenue	\$ 81,150	\$ 9,137	\$ 72,013	788%
Total Revenue	\$ 1,799,981	\$ 1,859,764	\$ (59,783)	-3%
Administration	\$ 375,520	\$ 381,577	\$ (6,057)	-2%
Tenant Services	\$ 316	\$ 893	\$ (577)	-65%
Utilities	\$ 103,494	\$ 99,533	\$ 3,961	4%
Ordinary Maintenance	\$ 521,231	\$ 605,388	\$ (84,157)	-14%
General Expense	\$ 296,188	\$ 298,021	\$ (1,833)	-1%
Extra. Maint./Casualty Loss	\$ 5,466	\$ -	\$ 5,466	NA
Housing Assistance Payments	\$ 224,634	\$ 215,332	\$ 9,302	4%
Depreciation	\$ 305,330	\$ 286,705	\$ 18,625	6%
Total Expenses	\$ 1,832,179	\$ 1,887,449	\$ (55,270)	-3%
Increase (Decrease) in Net Position	\$ (32,198)	\$ (27,685)	\$ (4,513)	16%
Net Position, Beginning of Year	\$ 3,372,629	\$ 3,400,314	\$ (27,685)	-1%
Net Position, End of Year	\$ 3,340,431	\$ 3,372,629	\$ (32,198)	-1%

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Management's Discussion and Analysis  
For the Year Ended June 30, 2014*

**Results of Operations**

Revenues of the Authority are principally generated from tenant rents and Federal funding. The Authority's revenue increased by \$59,783 compared to the previous fiscal year. Significant variances include the following:

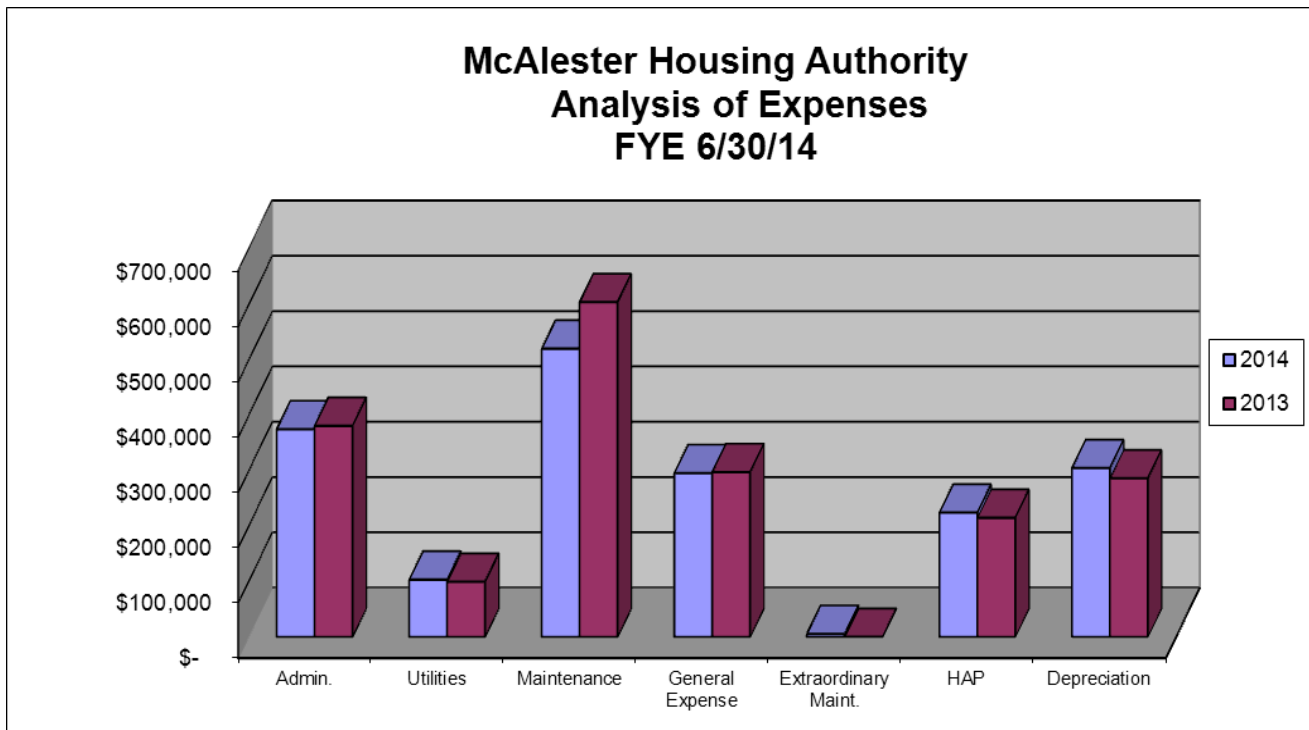
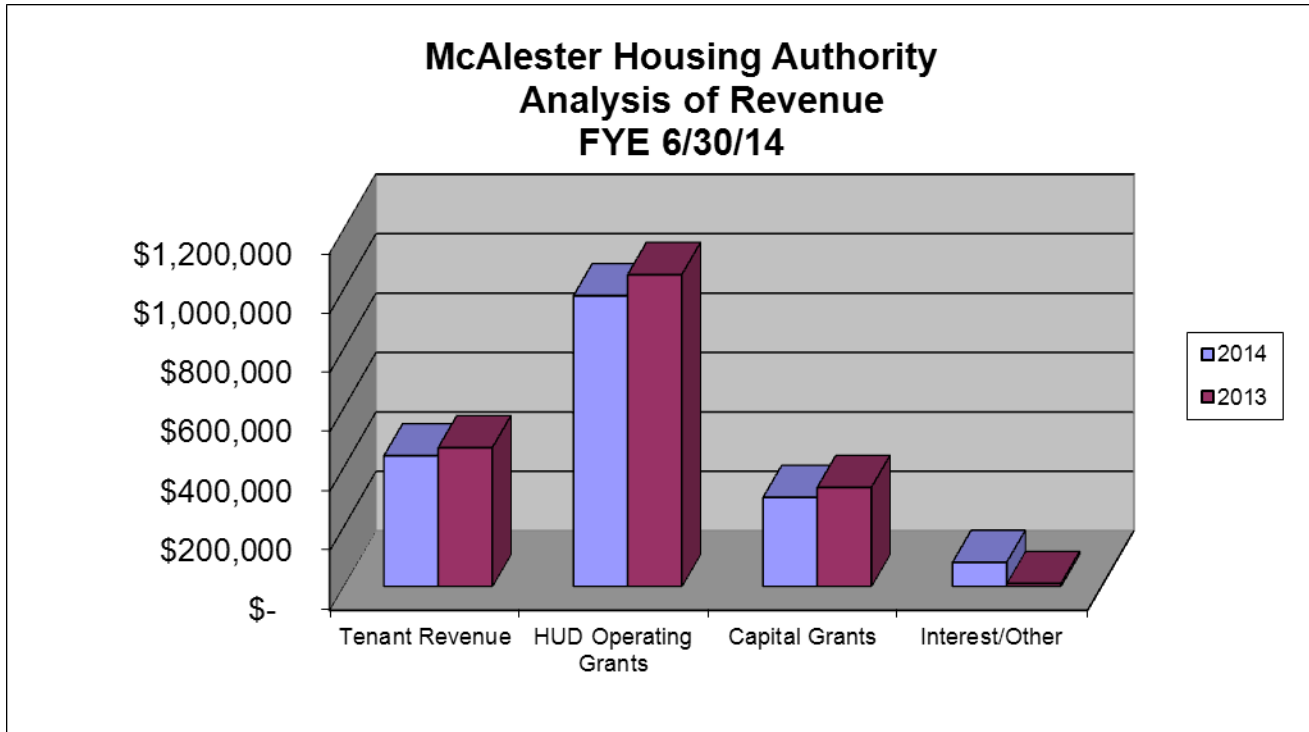
- Tenant revenue decreased by \$26,619. This was due to a reduction in units leased from 3,225 in June 30, 2013 as compared to 3,196 in the current year. In addition, the average rent per unit leased decreased from \$138.19 per unit leased in the prior year to \$130.91 per unit leased in the current year.
- HUD operating grants decreased by \$70,977. This was primarily due to a decrease in operating grant revenue associated with the CFP program in the amount of \$78,661, operating subsidy for the Low Rent program in the amount of \$36,982 and the HCV admin fee funding in the amount of \$7,948. In contrast, HCV HAP funding increased by \$52,614.
- Capital grants decreased by \$33,517 due to a reduction in capital improvement projects funded by the CFP program.
- Other revenue increased by \$72,013 due to insurance proceeds received for a burned out unit.

Total expenses decreased by \$55,270. Significant variances include the following:

- Ordinary maintenance decreased by \$84,157. This decrease was due to the lower maintenance material costs in the amount of \$28,875, lower unit turnaround costs in the amount of \$15,739 and lower miscellaneous maintenance contracts in the amount of \$52,176. Miscellaneous maintenance contracts decreased due to a reduction in the amount of temporary labor utilized by the Authority.
- Housing assistance payments increased by \$9,302. This was due to an increase in the average cost per voucher issued. The average cost per voucher increased from \$305.87 in the prior year to \$340.54 in the current year.

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Management's Discussion and Analysis  
For the Year Ended June 30, 2014*

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



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Management's Discussion and Analysis  
For the Year Ended June 30, 2014*

**Capital Assets**

As of June 30, 2014, the McAlester Housing Authority's net investment in capital assets was \$3,090,130. This investment includes land, buildings, construction in progress, and equipment, net of accumulated depreciation.

<b><u>Category</u></b>	<b><u>FYE 2014</u></b>	<b><u>FYE 2013</u></b>	<b><u>Change \$</u></b>	<b><u>Change %</u></b>
Land	\$ 267,459	\$ 267,459	\$ -	0%
Buildings	\$ 14,739,441	\$ 14,373,298	\$ 366,143	3%
Equipment	\$ 177,125	\$ 177,125	\$ -	0%
Construction in Progress	\$ 20,525	\$ 86,848	\$ (66,323)	-76%
Accumulated Depreciation	\$ (12,114,420)	\$ (11,809,090)	\$ (305,330)	3%
Total Net Fixed Assets	\$ 3,090,130	\$ 3,095,640	\$ (5,510)	0%

Additions noted in the building account are from the completed projects funded by the 2011 and 2012 CFP. These projects consist of flooring, doors, locks, railings, and concrete replacement.

Construction in progress consists of architect fees funded by the 2013 CFP.

**Subsequent Event**

The amount of funding for the 2014 calendar year for the Housing Choice Voucher Program has been finalized by HUD. These include the proration of administrative fees being funded at 79% through September 2014 with a possible reduction to 75% proration for October-December and HAP funding at 99%. Operating subsidy for the Low Rent program will be funded at 89% for the 2014 calendar year.

**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:

McAlester Housing Authority  
Joy Holloway, Executive Director  
PO Box 819  
McAlester, OK 74502

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
STATEMENT OF NET POSITION

JUNE 30, 2014

	General	Housing Choice Voucher	Total
	<hr/>	<hr/>	<hr/>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 40,745	\$ 17,015	\$ 57,760
Investments	230,000	0	230,000
Accounts receivable net	25,396	0	25,396
Interest receivable	79	0	79
Prepaid items and other assets	14,383	470	14,853
Inventory	9,804	0	9,804
Restricted assets - cash and cash equivalents	94,583	11,709	106,292
	<hr/>	<hr/>	<hr/>
Total Current Assets	414,990	29,194	444,184
	<hr/>	<hr/>	<hr/>
Capital Assets, net			
Land and other non-depreciated assets	287,984	0	287,984
Other capital assets - net of depreciation	2,802,146	0	2,802,146
	<hr/>	<hr/>	<hr/>
Total Capital Assets, net	3,090,130	0	3,090,130
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 3,505,120	29,194	\$ 3,534,314
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 49,138	\$ 643	\$ 49,781
Unearned income	1,586	2,514	4,100
Compensated absences payable	35,586	867	36,453
Accrued PILOT	31,489	0	31,489
Deposits due others	34,683	0	34,683
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	152,482	4,024	156,506
	<hr/>	<hr/>	<hr/>
Noncurrent Liabilities			
Compensated absences payable	36,141	1,236	37,377
	<hr/>	<hr/>	<hr/>
Total Liabilities	188,623	5,260	193,883
	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>			
Net investment in capital assets	3,090,130	0	3,090,130
Restricted for:			
HAP Equity	0	11,709	11,709
Unrestricted	226,367	12,225	238,592
	<hr/>	<hr/>	<hr/>
Net Position	3,316,497	23,934	3,340,431
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

FOR THE YEAR ENDED JUNE 30, 2014

	General	Housing Choice Voucher	Total
	<hr/>	<hr/>	<hr/>
<b>OPERATING REVENUES</b>			
Dwelling rental	\$ 418,387	\$ 0	\$ 418,387
Governmental operating grants	726,162	252,454	978,616
Other	36,444	4,384	40,828
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	1,180,993	256,838	1,437,831
	<hr/>	<hr/>	<hr/>
<b>OPERATING EXPENSES</b>			
Administration	352,997	22,523	375,520
Tenant services	316	0	316
Utilities	103,494	0	103,494
Ordinary maintenance & operations	521,231	0	521,231
Protective services	86,759	0	86,759
General expenses	203,989	5,440	209,429
Depreciation	305,330	0	305,330
Extraordinary maintenance	3,466	0	3,466
Casualty losses	2,000	0	2,000
Housing assistance payments	0	221,693	221,693
Port-in payments	0	2,941	2,941
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,579,582	252,597	1,832,179
	<hr/>	<hr/>	<hr/>
Income (Loss) from Operations	(398,589)	4,241	(394,348)
	<hr/>	<hr/>	<hr/>
Non Operating Revenues (Expenses)			
Interest earnings	300	14	314
Insurance proceeds	62,016	0	62,016
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	62,316	14	62,330
	<hr/>	<hr/>	<hr/>
Income (Loss) before contribution	(336,273)	4,255	(332,018)
	<hr/>	<hr/>	<hr/>
Capital Contribution	299,820	0	299,820
	<hr/>	<hr/>	<hr/>
Change in net position	(36,453)	4,255	(32,198)
	<hr/>	<hr/>	<hr/>
Total net position - beginning	3,352,950	19,679	3,372,629
	<hr/>	<hr/>	<hr/>
Total net position - ending	\$ 3,316,497	\$ 23,934	\$ 3,340,431
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The Notes to the Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	General	Housing Choice Voucher	Total
	<hr/>	<hr/>	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rental receipts	\$ 399,066	\$ 0	\$ 399,066
Other receipts	31,656	4,384	36,040
Federal grants	711,927	258,182	970,109
Payments to vendors	(571,549)	(13,107)	(584,656)
Payments to employees – net	(671,019)	(15,065)	(686,084)
Payments to private landlords	0	(224,634)	(224,634)
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by operating activities	(99,919)	9,760	(90,159)
	<hr/>	<hr/>	<hr/>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(299,820)	0	(299,820)
Federal Capital Grants	299,820	0	299,820
Insurance proceeds	62,016	0	62,016
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by capital and related financing activities	62,016	0	62,016
	<hr/>	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	358	14	372
Proceeds from investment maturities	70,000	0	70,000
	<hr/>	<hr/>	<hr/>
Net cash provided (used) by investing activities	70,358	14	70,372
	<hr/>	<hr/>	<hr/>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	32,455	9,774	42,229
	<hr/>	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning of Fiscal Year	102,873	18,950	121,823
	<hr/>	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS</b>			
End of Fiscal Year	\$ 135,328	28,724	164,052
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Continued

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	General	Housing Choice Voucher	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (398,589)	\$ 4,241	\$ (394,348)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation Expense	305,330	0	305,330
Provision of uncollectible accounts	3,803	0	3,803
Change in assets and liabilities:			
Receivables	(19,043)	3,214	(15,829)
Inventories	(5,717)	0	(5,717)
Prepaid items	2,445	(209)	2,236
Account payables	16,470	0	16,470
Unearned income	(70)	2,514	2,444
Deposits due others	(1,425)	0	(1,425)
Accrued PILOT	(3,123)	0	(3,123)
Net cash provided (used) by operations	<u>\$ (99,919)</u>	<u>\$ 9,760</u>	<u>\$ (90,159)</u>

Concluded

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



HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

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HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The accompanying financial statements of the Housing Authority of the City of McAlester 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 McAlester, serve staggered multi-year terms.

The Housing Authority has the following units:

PHA Owned Housing	FW 3066	274
Section 8		
Housing Choice Vouchers	OK-062-VO	73

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 McAlester since the City of McAlester appoints a voting majority of the Housing Authority's governing board. The City of McAlester 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 McAlester. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of McAlester.

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 MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

- 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 and the Capital Fund program. The housing choice voucher fund accounts for the Section 8 Housing Choice Voucher 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 and the housing assistance payments to landlords. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**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 \$164,502. This is comprised of cash and cash equivalents of \$57,760 and restricted assets – cash of \$106,292, 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.

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

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**I. CAPITAL ASSETS** Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). The capitalization threshold is \$1,000. 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	10-25 years
Building improvements	15 years
Furniture and equipment	5-7 years
Computers	5-7 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** Under adopted policy, employees earn ten days of annual vacation leave for each year of service, for the first five years, 15 days for 5 to 10 years, and 21 days per annum after ten years of service. Accrued hours in excess of 360 are paid each January. Sick time accrues at one day per month of service. 720 hours maximum can be accrued. Hours in excess of 720 are paid for one day for three days' accrual every January. At resignation or termination, accrued sick days are paid, one day for three days' accrual.

**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.

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.

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**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 June 30, 2014. 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: \$34,683 is restricted in the General Fund for security deposits. \$59,900 was restricted for Capital Fund programs. \$11,709 is restricted in the Housing Choice Voucher fund for HAP Equity.

At June 30, 2014, the Housing Authority's carrying amount of deposits was \$393,852 and the bank balance was \$422,282, which includes \$230,000 in certificates of deposits classified as investments. Petty cash consists of \$200. \$356,489 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$65,793 was covered by pledged securities. However, this \$65,793 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 MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**NOTE 3 – ACCOUNTS RECEIVABLE** The receivables at June 30, 2014, are as follows:

<u>Class of Receivables</u>	<u>General</u>	<u>Housing Choice Voucher</u>	<u>Total</u>
Local sources:			
Tenants	\$ 10,921	\$ 0	\$ 10,921
Other	240	0	240
Federal sources:			
Grants	14,235	0	14,235
Total	<u>\$ 25,396</u>	<u>\$ 0</u>	<u>\$ 25,396</u>

The tenants account receivable is net of an allowance for doubtful accounts of \$11,161.

**NOTE 4 – CAPITAL ASSETS** The changes in capital assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets				
Land and buildings	\$ 267,459	\$ 0	\$ 0	\$ 267,459
Construction in progress	86,848	0	66,323	20,525
Depreciable assets:				
Buildings	14,373,298	366,143	0	14,739,441
Furniture and equipment	177,125	0	0	177,125
Total capital assets	<u>14,904,730</u>	<u>366,143</u>	<u>66,323</u>	<u>15,204,550</u>
Less: accumulated depreciation				
Buildings	11,651,915	294,240	0	11,946,155
Furniture and equipment	157,175	11,090	0	168,265
Total accumulated depreciation	<u>11,809,090</u>	<u>305,330</u>	<u>0</u>	<u>12,114,420</u>
Total capital assets, net	<u>\$ 3,095,640</u>	<u>\$ 60,813</u>	<u>\$ 66,323</u>	<u>\$ 3,090,130</u>

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**NOTE 5 – ACCOUNTS PAYABLE** The payables at June 30, 2014 are as follows:

	General	Housing Choice Voucher	Total
Vendors	\$ 15,351	\$ 173	\$ 15,524
Payroll taxes & Retirement withheld	19,552	470	20,022
Utilities	14,235	0	14,235
Total	\$ 49,138	\$ 643	\$ 49,781

**NOTE 6 – COMPENSATED ABSENCES** At June 30, 2014, employees of the Housing Authority have accumulated and vested \$73,830 of employee leave computed in accordance with GASB, Codification Section C60.

**NOTE 7 – LONG – TERM OBLIGATIONS** The following is a summary of the long – term obligation transactions for the year ended June 30, 2014.

	Compensated Absences
Balance, beginning	\$ 82,813
Additions	62,758
Deletions	(71,741)
Balance, ending	73,830
Amounts due in one year	\$ 36,453



HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**NOTE 8 – RETIREMENT SYSTEM** The Housing Authority participates in the Housing Renewal and Local Agency Retirement Trust (HART), 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 after completing one month 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 6% of his effective compensation, and may make additional contributions. The employer is required to make monthly contributions equal to 8.5% 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 used to offset future contributions of the Housing Authority.

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 \$59,248 for the year ended June 30, 2014, of which \$31,494 was paid by the Housing Authority and \$27,754 was paid by employees. No payments were made out of the forfeiture account.

**NOTE 9 – 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 June 30, 2014. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

**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 entity transfers risk of loss by contracting with the Housing Authority Insurance Group, a mutual insurance carrier, for all major categories of exposed risk.

This includes coverage of worker's compensation. Their contract obligates the mutual carrier to meet settlements up to the maximum coverage, after the PHA's premiums and deductions are met.

The policies of the Housing Authority Insurance Group do not include a stipulation for assessment, which would expose the entity to additional liability. If the mutual carrier was unable to meet its obligations, the risk to the participating entity would be that only 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.

**NOTE 10– ECONOMIC DEPENDENCE** The Department of Housing and Urban Development provided \$1,278,436 to the Housing Authority, which represents approximately 71% of the Housing Authority's total revenue and capital contributions for the year.

**NOTE 11 - SUBSEQUENT EVENTS** Management has evaluated events and transactions subsequent to the statement of net position date through, February 10, 2015, 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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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 McAlester  
McAlester, 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 each major fund of the Housing Authority of the City of McAlester, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of McAlester, Oklahoma's basic financial statements, and have issued our report thereon dated February 10, 2015.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of McAlester, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of McAlester, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of McAlester, 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 McAlester, 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.  
Fort Worth, Texas  
February 10, 2015

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Report on Compliance For Each Major Federal Program; Report on Internal  
Control Over Compliance; and Report on the Schedule of Expenditures of  
Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

Housing Authority of McAlester  
McAlester, Oklahoma

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

We have audited the Housing Authority of the City of McAlester, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of McAlester, Oklahoma's major federal programs for the year ended June 30, 2014. The Housing Authority of the City of McAlester, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of McAlester, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Housing Authority of the City of McAlester, Oklahoma'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of McAlester, Oklahoma's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Housing Authority of the City of McAlester, Oklahoma 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 June 30, 2014.

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

Management of the Housing Authority of the City of McAlester, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of McAlester, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Housing Authority of McAlester, Oklahoma'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of Housing Authority of the City of McAlester, Oklahoma as of and for the year ended June 30, 2014, and have issued our report thereon dated February 10, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Mike Estes, P.C.  
Fort Worth, Texas  
February 10, 2015

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
<hr/>		
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 619,426
Capital Fund Program	14.872	406,556
Housing Choice Voucher	14.871	252,454
		<hr/>
Total United States Department of Housing and Urban Development		\$ 1,278,436
		<hr/>
Total Expenditures of Federal Awards		\$ 1,278,436
		<hr/>



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

YEAR ENDED JUNE 30, 2014

**NOTE 1 – GENERAL** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of McAlester, Oklahoma (the “Housing Authority”). The Housing Authority reporting entity is defined in NOTE 1(A) to the Housing Authority’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

**NOTE 2 – BASIS OF ACCOUNTING** The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in NOTE 1(C) to the Housing Authority’s basic financial statements.

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

	<u>Federal Sources</u>
Enterprise Funds	
Governmental operating grants	\$ 978,616
Capital contributions	299,820
	<hr/>
Total	\$ 1,278,436
	<hr/>

**NOTE 4 – 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 MCALESTER, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

**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

**Audit of Federal Awards**

1. Internal Control Over Major Programs:
  - a. Material weakness(es) identified? \_\_\_\_\_ yes ✓ no
  - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes ✓ none reported
2. Type of Auditor’s Report Issued on Compliance For Major Programs – Unqualified.
3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ yes ✓ no
4. The programs tested as major programs include:

CFDA# 14.872                      Capital Fund
5. Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000
6. Auditee qualified as low-risk auditee? ✓ yes \_\_\_\_\_ no

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

**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:**

There are no audit findings.

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2014

**Section III – Findings and questioned costs for federal awards which are required to be reported  
under OMB Circular No. A-133 Section .510 (a):**

There are no audit findings.

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2014

There are no audit findings.

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2014

**The following prior audit findings were required to be reported under OMB Circular No. A-133, Section 510(a) (for the major program) for the prior year:**

There were no prior audit findings.

## SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2014

	2011 Capital Fund
Funds approved	\$ 359,736
Funds expended	359,736
Excess of funds approved	\$ 0
Funds advanced	\$ 359,736
Funds expended	359,736
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 June 20, 2014 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 accountant's report



HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
STATEMENT OF MODERNIZATION COSTS - UNCOMPLETED

YEAR ENDED JUNE 30, 2014

CASH BASIS

	2012 Capital Fund	2013 Capital Fund
	<u>                    </u>	<u>                    </u>
Funds approved	\$ 321,859	\$ 310,613
Funds expended	321,859	91,259
Excess of funds approved	<u>\$ 0</u>	<u>\$ 219,354</u>
 Funds advanced	 \$ 321,859	 \$ 77,024
Funds expended	321,859	91,259
Excess (Deficiency) of funds	<u>\$ 0</u>	<u>\$ (14,235)</u>

See accountant's report

**HOUSING AUTHORITY OF MCALESTER, OKLAHOMA**  
**FINANCIAL DATA SCHEDULES**

YEAR ENDED JUNE 30, 2014

<b>Entity Wide Balance Sheet Summary</b>			
	Project Total	14.871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$40,745	\$17,015	\$57,760
112 Cash - Restricted - Modernization and Development	\$59,900	\$0	\$59,900
113 Cash - Other Restricted	\$0	\$11,709	\$11,709
114 Cash - Tenant Security Deposits	\$34,683	\$0	\$34,683
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0
100 Total Cash	\$135,328	\$28,724	\$164,052
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$14,235	\$0	\$14,235
124 Accounts Receivable - Other Government	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$21,841	\$0	\$21,841
126.1 Allowance for Doubtful Accounts - Tenants	-\$10,920	\$0	-\$10,920
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0
128 Fraud Recovery	\$481	\$0	\$481
128.1 Allowance for Doubtful Accounts - Fraud	-\$241	\$0	-\$241
129 Accrued Interest Receivable	\$79	\$0	\$79
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$25,475	\$0	\$25,475
131 Investments - Unrestricted	\$230,000	\$0	\$230,000
132 Investments - Restricted	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$14,383	\$470	\$14,853
143 Inventories	\$10,893	\$0	\$10,893
143.1 Allowance for Obsolete Inventories	-\$1,089	\$0	-\$1,089
144 Inter Program Due From	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0
150 Total Current Assets	\$414,990	\$29,194	\$444,184
161 Land	\$267,459	\$0	\$267,459
162 Buildings	\$14,739,441	\$0	\$14,739,441
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$170,519	\$6,606	\$177,125
165 Leasehold Improvements	\$0	\$0	\$0
166 Accumulated Depreciation	-\$12,107,814	-\$6,606	-\$12,114,420
167 Construction in Progress	\$20,525	\$0	\$20,525
168 Infrastructure	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,090,130	\$0	\$3,090,130
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0
174 Other Assets	\$0	\$0	\$0
176 Investments in Joint Ventures	\$0	\$0	\$0
180 Total Non-Current Assets	\$3,090,130	\$0	\$3,090,130
200 Deferred Outflow of Resources	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$3,505,120	\$29,194	\$3,534,314

**HOUSING AUTHORITY OF MCALESTER, OKLAHOMA**  
**FINANCIAL DATA SCHEDULES**

YEAR ENDED JUNE 30, 2014

<b>Entity Wide Balance Sheet Summary</b>			
	Project Total	14.871 Housing Choice Vouchers	Total
311 Bank Overdraft	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$7,526	\$173	\$7,699
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$19,552	\$470	\$20,022
322 Accrued Compensated Absences - Current Portion	\$35,586	\$867	\$36,453
324 Accrued Contingency Liability	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$31,489	\$0	\$31,489
341 Tenant Security Deposits	\$34,683	\$0	\$34,683
342 Unearned Revenue	\$1,586	\$2,514	\$4,100
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0
345 Other Current Liabilities	\$14,235	\$0	\$14,235
346 Accrued Liabilities - Other	\$7,825	\$0	\$7,825
347 Inter Program - Due To	\$0	\$0	\$0
348 Loan Liability - Current	\$0	\$0	\$0
310 Total Current Liabilities	\$152,482	\$4,024	\$156,506
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$36,141	\$1,236	\$37,377
355 Loan Liability - Non Current	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$36,141	\$1,236	\$37,377
300 Total Liabilities	\$188,623	\$5,260	\$193,883
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets	\$3,090,130		\$3,090,130
511.4 Restricted Net Position		\$11,709	\$11,709
512.4 Unrestricted Net Position	\$226,367	\$12,225	\$238,592
513 Total Equity - Net Assets / Position	\$3,316,497	\$23,934	\$3,340,431
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$3,505,120	\$29,194	\$3,534,314

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
FINANCIAL DATA SCHEDULES

YEAR ENDED JUNE 30, 2014

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$418,387	\$0	\$418,387
70400 Tenant Revenue - Other	\$21,694	\$0	\$21,694
70500 Total Tenant Revenue	\$440,081	\$0	\$440,081
70600 HUD PHA Operating Grants	\$619,426	\$106,736	\$726,162
70610 Capital Grants	\$0	\$299,820	\$299,820
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	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$300	\$0	\$300
71200 Mortgage Interest Income	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0
71500 Other Revenue	\$76,766	\$0	\$76,766
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0
70000 Total Revenue	\$1,136,573	\$406,556	\$1,543,129
91100 Administrative Salaries	\$214,383	\$0	\$214,383
91200 Auditing Fees	\$9,407	\$0	\$9,407
91300 Management Fee	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0
91400 Advertising and Marketing	\$116	\$0	\$116
91500 Employee Benefit contributions - Administrative	\$86,978	\$0	\$86,978
91600 Office Expenses	\$18,024	\$0	\$18,024
91700 Legal Expense	\$400	\$0	\$400
91800 Travel	\$0	\$0	\$0
91810 Allocated Overhead	\$0	\$0	\$0
91900 Other	\$23,689	\$0	\$23,689
91000 Total Operating - Administrative	\$352,997	\$0	\$352,997
92000 Asset Management Fee	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0
92400 Tenant Services - Other	\$316	\$0	\$316
92500 Total Tenant Services	\$316	\$0	\$316
93100 Water	\$44,627	\$0	\$44,627
93200 Electricity	\$19,801	\$0	\$19,801
93300 Gas	\$13,349	\$0	\$13,349
93400 Fuel	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0
93600 Sewer	\$25,717	\$0	\$25,717
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0
93000 Total Utilities	\$103,494	\$0	\$103,494

**HOUSING AUTHORITY OF MCALESTER, OKLAHOMA**  
**FINANCIAL DATA SCHEDULES**

YEAR ENDED JUNE 30, 2014

<b>Single Project Revenue and Expense</b>			
	<b>Low Rent</b>	<b>Capital Fund</b>	<b>Total Project</b>
94100 Ordinary Maintenance and Operations - Labor	\$151,521	\$0	\$151,521
94200 Ordinary Maintenance and Operations - Materials and Other	\$107,736	\$0	\$107,736
94300 Ordinary Maintenance and Operations Contracts	\$201,035	\$0	\$201,035
94500 Employee Benefit Contributions - Ordinary Maintenance	\$60,939	\$0	\$60,939
94000 Total Maintenance	\$521,231	\$0	\$521,231
95100 Protective Services - Labor	\$66,085	\$0	\$66,085
95200 Protective Services - Other Contract Costs	\$180	\$0	\$180
95300 Protective Services - Other	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$20,494	\$0	\$20,494
95000 Total Protective Services	\$86,759	\$0	\$86,759
96110 Property Insurance	\$58,458	\$0	\$58,458
96120 Liability Insurance	\$15,206	\$0	\$15,206
96130 Workmen's Compensation	\$12,084	\$0	\$12,084
96140 All Other Insurance	\$7,329	\$0	\$7,329
96100 Total insurance Premiums	\$93,077	\$0	\$93,077
96200 Other General Expenses	\$182	\$0	\$182
96210 Compensated Absences	\$61,326	\$0	\$61,326
96300 Payments in Lieu of Taxes	\$31,489	\$0	\$31,489
96400 Bad debt - Tenant Rents	\$17,915	\$0	\$17,915
96500 Bad debt - Mortgages	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0
96000 Total Other General Expenses	\$110,912	\$0	\$110,912
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,268,786	\$0	\$1,268,786
97000 Excess of Operating Revenue over Operating Expenses	-\$132,213	\$406,556	\$274,343
97100 Extraordinary Maintenance	\$3,466	\$0	\$3,466
97200 Casualty Losses - Non-capitalized	\$2,000	\$0	\$2,000
97300 Housing Assistance Payments	\$0	\$0	\$0
97350 HAP Portability-In	\$0	\$0	\$0
97400 Depreciation Expense	\$305,330	\$0	\$305,330
97500 Fraud Losses	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense	\$0	\$0	\$0
90000 Total Expenses	\$1,579,582	\$0	\$1,579,582

**HOUSING AUTHORITY OF MCALESTER, OKLAHOMA  
FINANCIAL DATA SCHEDULES**

**YEAR ENDED JUNE 30, 2014**

<b>Single Project Revenue and Expense</b>			
	<b>Low Rent</b>	<b>Capital Fund</b>	<b>Total Project</b>
10010 Operating Transfer In	\$106,736	\$0	\$106,736
10020 Operating transfer Out	\$0	-\$106,736	-\$106,736
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$106,736	-\$106,736	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$336,273	\$299,820	-\$36,453
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$3,352,950	\$0	\$3,352,950
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	3286		3286
11210 Number of Unit Months Leased	3196		3196
11270 Excess Cash	\$72,689		\$72,689
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$299,820	\$299,820
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 MCALESTER, OKLAHOMA  
FINANCIAL DATA SCHEDULES**

**YEAR ENDED JUNE 30, 2014**

<b>Entity Wide Revenue and Expense Summary</b>					
	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$418,387	\$0	\$418,387	\$0	\$418,387
70400 Tenant Revenue - Other	\$21,694	\$0	\$21,694	\$0	\$21,694
70500 Total Tenant Revenue	\$440,081	\$0	\$440,081	\$0	\$440,081
70600 HUD PHA Operating Grants	\$726,162	\$252,454	\$978,616	\$0	\$978,616
70610 Capital Grants	\$299,820	\$0	\$299,820	\$0	\$299,820
70710 Management Fee			\$0	\$0	\$0
70720 Asset Management Fee			\$0	\$0	\$0
70730 Book Keeping Fee			\$0	\$0	\$0
70740 Front Line Service Fee			\$0	\$0	\$0
70750 Other Fees			\$0	\$0	\$0
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$300	\$14	\$314	\$0	\$314
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0
71500 Other Revenue	\$76,766	\$4,384	\$81,150	\$0	\$81,150
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0
70000 Total Revenue	\$1,543,129	\$256,852	\$1,799,981	\$0	\$1,799,981
91100 Administrative Salaries	\$214,383	\$9,172	\$223,555	\$0	\$223,555
91200 Auditing Fees	\$9,407	\$3,593	\$13,000	\$0	\$13,000
91300 Management Fee	\$0	\$0	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$116	\$0	\$116	\$0	\$116
91500 Employee Benefit contributions - Administrative	\$86,978	\$4,461	\$91,439	\$0	\$91,439
91600 Office Expenses	\$18,024	\$1,502	\$19,526	\$0	\$19,526
91700 Legal Expense	\$400	\$0	\$400	\$0	\$400
91800 Travel	\$0	\$0	\$0	\$0	\$0
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0
91900 Other	\$23,689	\$3,795	\$27,484	\$0	\$27,484
91000 Total Operating - Administrative	\$352,997	\$22,523	\$375,520	\$0	\$375,520
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0
92400 Tenant Services - Other	\$316	\$0	\$316	\$0	\$316
92500 Total Tenant Services	\$316	\$0	\$316	\$0	\$316
93100 Water	\$44,627	\$0	\$44,627	\$0	\$44,627
93200 Electricity	\$19,801	\$0	\$19,801	\$0	\$19,801
93300 Gas	\$13,349	\$0	\$13,349	\$0	\$13,349
93400 Fuel	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$25,717	\$0	\$25,717	\$0	\$25,717
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$103,494	\$0	\$103,494	\$0	\$103,494

**HOUSING AUTHORITY OF MCALESTER, OKLAHOMA**  
**FINANCIAL DATA SCHEDULES**

YEAR ENDED JUNE 30, 2014

<b>Entity Wide Revenue and Expense Summary</b>					
	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$151,521	\$0	\$151,521	\$0	\$151,521
94200 Ordinary Maintenance and Operations - Materials and Other	\$107,736	\$0	\$107,736	\$0	\$107,736
94300 Ordinary Maintenance and Operations Contracts	\$201,035	\$0	\$201,035	\$0	\$201,035
94500 Employee Benefit Contributions - Ordinary Maintenance	\$60,939	\$0	\$60,939	\$0	\$60,939
94000 Total Maintenance	\$521,231	\$0	\$521,231	\$0	\$521,231
95100 Protective Services - Labor	\$66,085	\$0	\$66,085	\$0	\$66,085
95200 Protective Services - Other Contract Costs	\$180	\$0	\$180	\$0	\$180
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$20,494	\$0	\$20,494	\$0	\$20,494
95000 Total Protective Services	\$86,759	\$0	\$86,759	\$0	\$86,759
96110 Property Insurance	\$58,458	\$0	\$58,458	\$0	\$58,458
96120 Liability Insurance	\$15,206	\$3,617	\$18,823	\$0	\$18,823
96130 Workmen's Compensation	\$12,084	\$391	\$12,475	\$0	\$12,475
96140 All Other Insurance	\$7,329	\$0	\$7,329	\$0	\$7,329
96100 Total insurance Premiums	\$93,077	\$4,008	\$97,085	\$0	\$97,085
96200 Other General Expenses	\$182	\$0	\$182	\$0	\$182
96210 Compensated Absences	\$61,326	\$1,432	\$62,758	\$0	\$62,758
96300 Payments in Lieu of Taxes	\$31,489	\$0	\$31,489	\$0	\$31,489
96400 Bad debt - Tenant Rents	\$17,915	\$0	\$17,915	\$0	\$17,915
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0
96000 Total Other General Expenses	\$110,912	\$1,432	\$112,344	\$0	\$112,344
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,268,786	\$27,963	\$1,296,749	\$0	\$1,296,749
97000 Excess of Operating Revenue over Operating Expenses	\$274,343	\$228,889	\$503,232	\$0	\$503,232
97100 Extraordinary Maintenance	\$3,466	\$0	\$3,466	\$0	\$3,466
97200 Casualty Losses - Non-capitalized	\$2,000	\$0	\$2,000	\$0	\$2,000
97300 Housing Assistance Payments	\$0	\$221,693	\$221,693	\$0	\$221,693
97350 HAP Portability-In	\$0	\$2,941	\$2,941	\$0	\$2,941
97400 Depreciation Expense	\$305,330	\$0	\$305,330	\$0	\$305,330
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$1,579,582	\$252,597	\$1,832,179	\$0	\$1,832,179



**HOUSING AUTHORITY OF MCALESTER, OKLAHOMA**  
**FINANCIAL DATA SCHEDULES**

YEAR ENDED JUNE 30, 2014

<b>Entity Wide Revenue and Expense Summary</b>					
	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10010 Operating Transfer In	\$106,736	\$0	\$106,736	-\$106,736	\$0
10020 Operating transfer Out	-\$106,736	\$0	-\$106,736	\$106,736	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0
10091 Inter Project Excess Cash Transfer In	\$0		\$0	\$0	\$0
10092 Inter Project Excess Cash Transfer Out	\$0		\$0	\$0	\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$36,453	\$4,255	-\$32,198	\$0	-\$32,198
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$3,352,950	\$19,679	\$3,372,629	\$0	\$3,372,629
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$0	\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$12,225	\$12,225		\$12,225
11180 Housing Assistance Payments Equity		\$11,709	\$11,709		\$11,709
11190 Unit Months Available	3286	706	3992	0	3992
11210 Number of Unit Months Leased	3196	651	3847	0	3847
11270 Excess Cash	\$72,689		\$72,689		\$72,689
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$299,820		\$299,820		\$299,820
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