

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED JUNE 30, 2023

Mike Estes, P.C.
A Professional Accounting Corporation

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Independent Auditor's Report

Board of Commissioners
Housing Authority of McAlester
McAlester, Oklahoma

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of McAlester, Oklahoma basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective position of each major fund, of the Housing Authority of the City of McAlester, Oklahoma as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of McAlester, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of McAlester, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of McAlester, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of McAlester, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Managements' Discussion and Analysis on pages 4 to 10 be presented to supplement the basic financial statements.

Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions 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, financial data schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement and certification of actual modernization costs, statement of modernization costs-uncompleted, financial data schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of McAlester, Oklahoma's 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
March 1, 2024

*McAlester Housing Authority
Management's Discussion and Analysis
For the Year Ended June 30, 2023*

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, 2023. The McAlester Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2023, 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-Cont.
For the Year Ended June 30, 2023*

- 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, 2023, 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, 2023.

Financial Highlights

The McAlester Housing Authority's net position decreased from \$2,895,253 to \$2,697,484, a decrease of \$197,769 or 7%. Total assets also decreased by \$181,415.

Total revenue increased from \$2,079,669 to \$2,117,698, an increase of \$38,029 or 2%.

Total expenses increased by \$149,953, from \$2,165,514 to \$2,315,467 for the current year.

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, 2023, and 2022.

*McAlester Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2023*

**Summary Statement of Net Position
June 30, 2023 and 2022**

<u>Category</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 931,555	\$ 878,005	\$ 53,550	6%
Fixed Assets (Net of Depreciation)	\$ 1,975,770	\$ 2,210,735	\$ (234,965)	-11%
Other assets	\$ 3,230	\$ -	\$ 3,230	0%
Total Assets	\$ 2,910,555	\$ 3,088,740	\$ (181,415)	-6%
Current Liabilities	\$ 180,976	\$ 148,282	\$ 32,694	22%
Noncurrent Liabilities	\$ 32,095	\$ 45,205	\$ (13,110)	-29%
Total Liabilities	\$ 213,071	\$ 193,487	\$ 19,584	10%
Unrestricted	\$ 720,726	\$ 682,185	\$ 38,541	6%
Restricted	\$ 988	\$ 2,333	\$ (1,345)	-58%
Net Investment in Capital Assets	\$ 1,975,770	\$ 2,210,735	\$ (234,965)	-11%
Total Net Position	\$ 2,697,484	\$ 2,895,253	\$ (197,769)	-7%

Current Assets

The Authority's current asset balances increased by \$53,550. This was primarily due to an increase in accounts receivable – HUD from \$5,023 in the prior year to \$46,505 in the current year. This was due to the accrual of additional CFP funding due to the Authority at the end of the current year.

Noncurrent Assets

The Authority's noncurrent asset balance decreased by \$231,735 primarily due to accumulated depreciation. Please note the capital asset portion presented in a later section.

Total Liabilities

Total liabilities increased by \$19,584. This was primarily due an increase in other current liabilities in the amount of \$32,694 due to the accrual of payables related to capital improvements at the end of the fiscal year.

Net Position

The net position of the Authority decreased by \$197,769 compared to the previous fiscal year.

The Authority's restricted component of net position changed from \$2,333 to \$988. This is due to HAP expenditures in the amount of \$260,756 exceeding HAP revenues in the amount of \$259,411.

The Authority's unrestricted component of net position changed from \$682,185 to \$720,726, an increase of \$22,780. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

*McAlester Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2023*

Net Position – continued

Low Rent Housing Program	\$ 615,411
Housing Choice Voucher Program	\$ <u>105,315</u>
Total Unrestricted Net Position	\$ <u>720,726</u>

**Summary Statement of Revenues & Expenses and Changes in Net Position
For the Year Ended June 30, 2023 and 2022**

Category	6/30/2023	6/30/2022	Change \$	Change %
Program Revenues:				
Tenant Revenue	\$ 612,329	\$ 522,386	\$ 89,943	17%
Government Operating Grants	\$ 1,408,813	\$ 1,352,085	\$ 56,728	4%
Capital Grants	\$ 74,560	\$ 167,911	\$ (93,351)	-56%
Other Revenue	\$ 18,381	\$ 36,227	\$ (17,846)	-49%
Interest Income	\$ 3,615	\$ 1,060	\$ 2,555	241%
Total Revenue	\$ 2,117,698	\$ 2,079,669	\$ 38,029	2%
			\$ -	
Expenses:				
Administration	\$ 320,811	\$ 324,017	\$ (3,206)	-1%
Tenant Services	\$ -	\$ 681	\$ (681)	-100%
Utilities	\$ 152,930	\$ 120,454	\$ 32,476	27%
Ordinary Maintenance	\$ 887,482	\$ 748,185	\$ 139,297	19%
Protective Services	\$ 114,732	\$ 104,794	\$ 9,938	9%
General/Insurance Expense	\$ 253,600	\$ 236,043	\$ 17,557	7%
Nonroutine Maintenance	\$ 9,150	\$ 54,727	\$ (45,577)	-83%
Depreciation	\$ 315,987	\$ 318,674	\$ (2,687)	-1%
Housing Assistance Payments	\$ 260,775	\$ 257,939	\$ 2,836	1%
Total Expenses	\$ 2,315,467	\$ 2,165,514	\$ 149,953	7%
Excess (Deficiency)	\$ (197,769)	\$ (85,845)	\$ (111,924)	130%
Special Item/Casualty Losses	\$ -	\$ 11,776	\$ (11,776)	-100%
Change in Net Position	\$ (197,769)	\$ (97,621)	\$ (100,148)	103%
Net Position, Beginning of Year	\$ 2,895,253	\$ 2,992,874	\$ (97,621)	-3%
Net Position, End of Year	\$ 2,697,484	\$ 2,895,253	\$ (197,769)	-7%

*McAlester Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2023*

Results of Operations

Revenues of the Authority are principally generated from tenant rents and Federal funding. The Authority's revenue increased by \$38,029 compared to the previous fiscal year. Significant variances include the following:

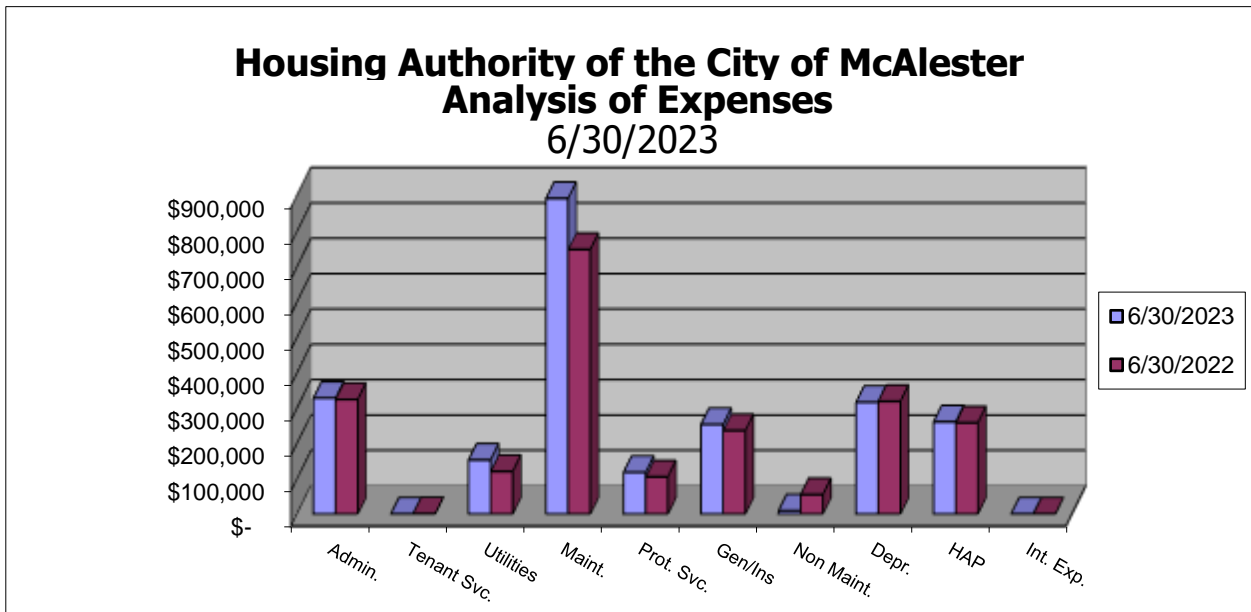
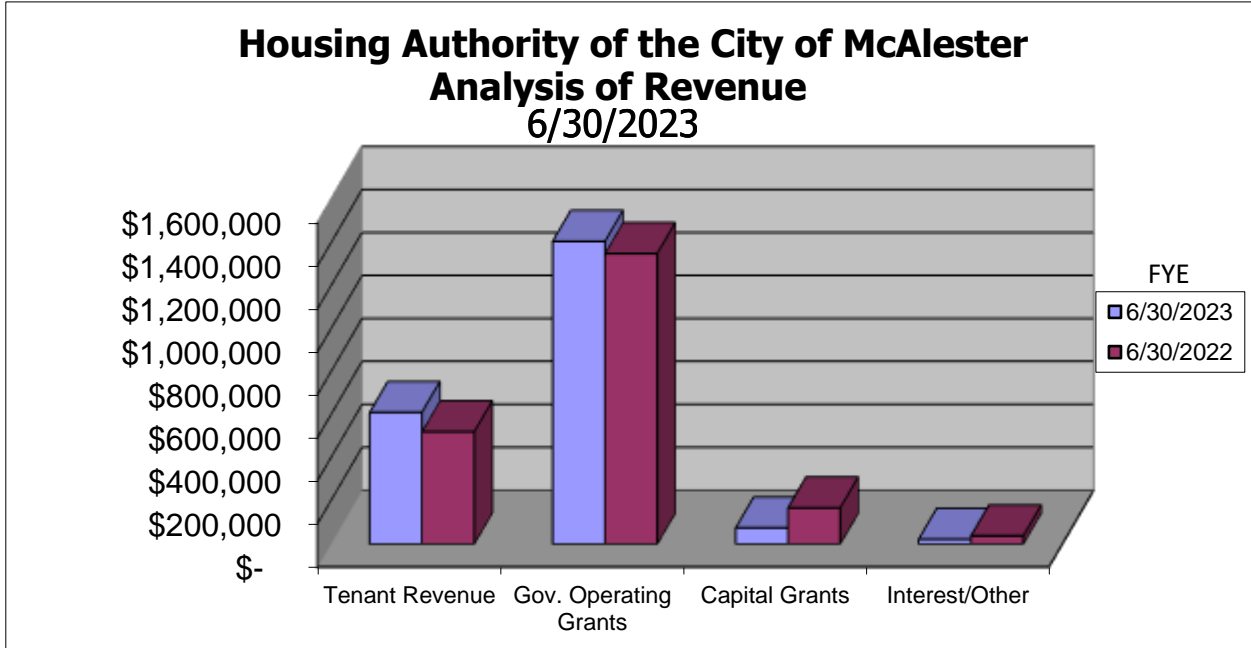
- Tenant revenue increased by \$89,943. This was primarily due to an increase in the average rent per unit from \$166 in the prior year to \$198 in the current year.
- HUD operating grants increased by \$56,728. This was primarily due to an increase in Low Rent operating subsidy of \$59,736 followed by an increase in HCV HAP funding of \$20,236. In contrast, CFP operating funding decreased by \$16,596 and CARES Act funding was reduced by \$6,648 compared to the prior year.
- Capital grants decreased by \$93,351 due to a reduction in capital improvement projects funded by the CFP Program.
- Other revenue decreased by \$17,846. This was primarily due to the Authority receiving retirement plan forfeitures and increased insurance dividends in the prior year.

Total expenses increased by \$149,953. Significant variances include the following:

- Ordinary maintenance increased by \$139,297. This was due primarily to an increase in maintenance salaries and benefits of \$70,184, heating and cooling contracts of \$46,614, and miscellaneous contracts in the amount of \$40,474.
- General and insurance expenses increased by \$17,557 primarily due to an increase in property insurance in the amount of \$16,627, workers compensation insurance in the amount of \$3,036 and payments in lieu of taxes of \$6,416. In contrast, tenant bad debt decreased by \$4,533 and compensated absence expense decreased in the amount of \$2,449.
- Nonroutine maintenance expenses decreased by \$45,577. This is primarily due to a reduction of extraordinary maintenance costs from the prior year.
- Utilities increased by \$32,476 primarily due to an increase in water and sewer expenses in the amount of \$24,663. Water and sewer expenses increased due to an increase in consumption in the amount of 128,026 gallons of water.
- Protective service expenses increased by \$13,248. This is primarily due to an increase in protective service labor and benefits in the amount of \$12,980.

*McAlester Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2023*

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



*McAlester Housing Authority
Management's Discussion and Analysis-Cont.
For the Year Ended June 30, 2023*

Capital Assets

As of June 30, 2023, the McAlester Housing Authority's net investment in capital assets was \$1,975,770. This investment includes land, buildings, construction in progress, and equipment, net of accumulated depreciation.

<u>Category</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 267,459	\$ 267,459	\$ -	0%
Buildings	\$ 16,428,845	\$ 16,428,845	\$ -	0%
Equipment	\$ 153,406	\$ 153,406	\$ -	0%
Construction in Progress	\$ 74,560	\$ -	\$ 74,560	0%
Accumulated Depreciation	\$ (14,948,500)	\$ (14,638,975)	\$ (309,525)	2%
Total Net Fixed Assets	\$ 1,975,770	\$ 2,210,735	\$ (234,965)	-11%

Additions to construction in progress include HVAC replacements, storm windows, roofing, and water line improvements funded by the CFP program.

Subsequent Event

As of the time of this analysis, HUD has not finalized the funding levels for the 2024 calendar year. The operating subsidy for the Low Rent Housing Program is estimated to be funded at 95%.

The amount of funding for the 2024 calendar year for the Housing Choice Voucher Program will include an estimated proration of administrative fees at 91% and HAP funding at 99%.

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
Skipton Evans, Executive Director
PO Box 819
McAlester, OK 74502

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA
STATEMENT OF NET POSITION

JUNE 30, 2023

	General	Housing Choice Voucher	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 317,493	\$ 100,733	\$ 418,226
Investments	384,087	0	384,087
Accounts receivable net	51,165	5,945	57,110
Interest receivable	921	0	921
Prepaid items and other assets	24,738	926	25,664
Inventory	9,659	0	9,659
Restricted assets - cash and cash equivalents	34,900	988	35,888
Total Current Assets	822,963	108,592	931,555
Other Assets			
Subscription asset	3,101	129	3,230
Total Other Assets	\$ 3,101	129	3,230
Capital Assets, net			
Land and other non-depreciated assets	342,019	0	342,019
Other capital assets - net of depreciation	1,633,600	151	1,633,751
Total Capital Assets, net	1,975,619	151	1,975,770
Total Assets	\$ 2,801,683	\$ 108,872	\$ 2,910,555
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 78,986	\$ 935	\$ 79,921
Unearned income	8,365	0	8,365
Compensated absences payable	12,830	619	13,449
Accrued PILOT	44,341	0	44,341
Deposits due others	34,900	0	34,900
Total Current Liabilities	179,422	1,554	180,976
Noncurrent Liabilities			
Compensated absences payable	31,231	864	32,095
Total Liabilities	210,653	2,418	213,071
NET POSITION			
Net investment in capital assets	1,975,619	151	1,975,770
Restricted	0	988	988
Unrestricted	615,411	105,315	720,726
Net Position	\$ 2,591,030	\$ 106,454	\$ 2,697,484

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, 2023

	General	Housing Choice Voucher	Total
OPERATING REVENUES			
Dwelling rental	\$ 596,345	\$ 0	\$ 596,345
Governmental operating grants	1,090,225	318,588	1,408,813
Tenant revenue - other	15,984	0	15,984
Other	18,186	195	18,381
Total Operating Revenues	<u>1,720,740</u>	<u>318,783</u>	<u>2,039,523</u>
OPERATING EXPENSES			
Administration	294,119	26,692	320,811
Utilities	152,930	0	152,930
Ordinary maintenance & operations	887,482	0	887,482
General expenses	250,131	3,469	253,600
Depreciation	315,661	326	315,987
Extraordinary maintenance	9,150	0	9,150
Housing assistance payments	0	260,775	260,775
Protective services	114,732	0	114,732
Total Operating Expenses	<u>2,024,205</u>	<u>291,262</u>	<u>2,315,467</u>
Income (Loss) from Operations	<u>(303,465)</u>	<u>27,521</u>	<u>(275,944)</u>
Non Operating Revenues (Expenses)			
Interest earnings	3,605	10	3,615
Total Non-Operating Revenues (Expenses)	<u>3,605</u>	<u>10</u>	<u>3,615</u>
Income (Loss) before contribution	<u>(299,860)</u>	<u>27,531</u>	<u>(272,329)</u>
Capital Contribution	74,560	0	74,560
Change in net position	<u>(225,300)</u>	<u>27,531</u>	<u>(197,769)</u>
Total net position - beginning	<u>2,816,330</u>	<u>78,923</u>	<u>2,895,253</u>
Total net position - ending	<u>\$ 2,591,030</u>	<u>\$ 106,454</u>	<u>\$ 2,697,484</u>

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, 2023

	General	Housing Choice Voucher	Total
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Rental receipts	\$ 588,611	\$ 0	\$ 588,611
Other receipts	37,588	195	37,783
Federal grants	1,049,665	317,666	1,367,331
Payments to vendors	(1,052,747)	(6,760)	(1,059,507)
Payments to employees – net	(646,335)	(23,453)	(669,788)
Payments to private landlords	0	(260,775)	(260,775)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	(23,218)	26,873	3,655
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(83,932)	(393)	(84,325)
Federal Capital Grants	74,560	0	74,560
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by capital and related financing activities	(9,372)	(393)	(9,765)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	2,759	12	2,771
Purchase of investments	(2,710)	0	(2,710)
	<u> </u>	<u> </u>	<u> </u>
Net cash provided (used) by investing activities	49	12	61
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,541)	26,492	(6,049)
CASH AND CASH EQUIVALENTS			
Beginning of Fiscal Year	384,934	75,229	460,163
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS			
End of Fiscal Year	\$ 352,393	\$ 101,721	\$ 454,114
	<u> </u>	<u> </u>	<u> </u>

Continued

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	General	Housing Choice Voucher	Total
	<u> </u>	<u> </u>	<u> </u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (303,465)	\$ 27,521	\$ (275,944)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation Expense	315,661	326	315,987
Provision of uncollectible accounts	(1,517)	(11,438)	(12,955)
Change in assets and liabilities:			
Receivables	(31,848)	11,438	(20,410)
Inventories	(2,824)	0	(2,824)
Prepaid items	(10,950)	(672)	(11,622)
Account payables	5,509	(302)	5,207
Deposits due others	(200)	0	(200)
Accrued PILOT	6,416	0	6,416
Net cash provided (used) by operations	<u>\$ (23,218)</u>	<u>\$ 26,873</u>	<u>\$ 3,655</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, 2023

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

JUNE 30, 2023

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	77

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, 2023

- 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, 2023

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 \$454,114. This is comprised of cash and cash equivalents of \$418,226 and restricted assets – cash of \$35,888, 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, 2023

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	3 years
Computers	3 years

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

K. COMPENSATED ABSENCES Under adopted policy, employees can 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.

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, 2023

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, 2023. 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: \$34,900 is restricted in the General Fund for security deposits. \$988 is restricted in the Housing Choice Voucher fund for HAP Equity.

At June 30, 2023, the Housing Authority's carrying amount of deposits was \$837,801 and the bank balance was \$876,951, which includes \$384,087 in certificates of deposits classified as investments. Petty cash consists of \$400. \$666,561 of the bank balance was covered by FDIC Insurance. The remaining bank balance of \$210,390 was covered by pledged securities. However, this \$210,390 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, 2023

NOTE 3 – ACCOUNTS RECEIVABLE The receivables at June 30, 2023, are as follows:

	General	Housing Choice Voucher	Total
<u>Class of Receivables</u>			
Local sources:			
Tenants	\$ 7,128	\$ 0	\$ 7,128
Other	3,477	0	3,477
Federal sources:			
Grants	40,560	5,945	46,505
Total	\$ 51,165	\$ 5,945	\$ 57,110

The tenants account receivable is net of an allowance for doubtful accounts of \$5,181.

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

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets				
Land and buildings	\$ 267,459	\$ 0	\$ 0	\$ 267,459
Construction in progress	0	74,560	0	74,560
Depreciable assets:				
Buildings	16,428,845	0	0	16,428,845
Furniture and equipment	153,406	0	0	153,406
Total capital assets	16,849,710	74,560	0	16,924,270
Less: accumulated depreciation				
Buildings	14,511,220	297,089	0	14,808,309
Furniture and equipment	127,755	12,436	0	140,191
Total accumulated depreciation	14,638,975	309,525	0	14,948,500
Total capital assets, net	\$ 2,210,735	\$ (234,965)	\$ 0	\$ 1,975,770

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

JUNE 30, 2023

NOTE 5 – ACCOUNTS PAYABLE The payables at June 30, 2023 are as follows:

	General	Housing Choice Voucher	Total
Vendors	\$ 8,765	\$ 112	\$ 8,877
Payroll taxes & Retirement withheld	22,386	823	23,209
Utilities	7,275	0	7,275
Contractors	40,560	0	40,560
 Total	\$ 78,986	\$ 935	\$ 79,921

NOTE 6 – COMPENSATED ABSENCES At June 30, 2023, employees of the Housing Authority have accumulated and vested \$45,544 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, 2023.

	Compensated Absences
Balance, beginning	\$ 67,183
Additions	24,891
Deletions	(46,530)
 Balance, ending	45,544
 Amounts due in one year	\$ 13,449

NOTE 8 – INTERFUND RECEIVABLES AND PAYABLES At June 30, 2023, the Housing Choice Voucher (HCV) Fund owes the General Fund \$1,126. For financial statement purposes, this amount was deducted from HCV Fund cash and added to General Fund cash.

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

JUNE 30, 2023

NOTE 9 – 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 six (6) months of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 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 first used to pay for plan expenses and if there is any residual amount, the amount is refunded to 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 \$53,895 for the year ended June 30, 2023, of which \$30,615 was paid by the Housing Authority and \$23,280 was paid by employees. No payments were made out of the forfeiture account.

NOTE 10 – 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, 2023. 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, 2023

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

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

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

Legal counsel believes, based on case precedent and Oklahoma Attorney General opinions, that if the Housing Authority Risk Retention Group is unable to meet its obligations, the risk to the Housing Authority is only that its own claim would be unpaid.

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

The Authority has adopted GASB Statement No. 96, which provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). The adoption of GASB Statement No. 96 had no material effect on the Authority's June 30, 2023 financial statements.

NOTE 11- ECONOMIC DEPENDENCE The Department of Housing and Urban Development provided \$1,483,373 to the Housing Authority, which represents approximately 70% of the Housing Authority's total revenue and capital contributions for the year.

NOTE 12 - SUBSEQUENT EVENTS Management has evaluated events and transactions subsequent to the statement of net position date through, March 1, 2024, of the independent auditor's report for potential recognition or disclosure in the financial statements.



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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, 2023, 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 March 1, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Audit Findings 2023-001, 002, and 003.

Response to Findings

The Housing Authority of the City of McAlester, Oklahoma's response to the findings identified in our audit are described in the accompanying Corrective Action Plan. The Housing Authority of McAlester, Oklahoma's response was not subjected to the auditing procedure applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
March 1, 2024



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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 the Uniform Guidance

Independent Auditor's Report

Housing Authority of McAlester
McAlester, Oklahoma

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited the Housing Authority of McAlester, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of McAlester, Oklahoma's major federal programs for the year ended June 30, 2023. The Housing Authority 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.

Qualified Opinion on Low Rent Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the Housing Authority of McAlester, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of McAlester, Oklahoma and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority of McAlester, Oklahoma's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Low Rent Program

As described in the accompanying schedule of findings and questioned costs, the Housing Authority of McAlester, Oklahoma did not comply with requirements regarding the Low Rent program as described in Audit Finding 2023-001-Procurement.

Compliance with such requirements is necessary, in our opinion, for the Housing Authority of McAlester, Oklahoma to comply with the requirements applicable to that major program.

Responsibilities of Management for Compliance

Management is responsible compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Authority of McAlester, Oklahoma's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of McAlester, Oklahoma's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority of McAlester, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of McAlester, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority of McAlester, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of McAlester, Oklahoma's internal control over compliance. Accordingly no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item Audit Findings 2023-001, 002, and 003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority of McAlester, Oklahoma's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Housing Authority of McAlester, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Audit Finding 2023-001 to be a material weakness.

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 charge with governance. We consider the deficiencies in internal control over compliance described in the accompanying list of findings and questioned costs as Audit Finding 2023-002 and 003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority of McAlester, Oklahoma's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority of McAlester, Oklahoma's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Housing Authority of McAlester, Oklahoma's each major fund, and the aggregate remaining fund information of the Housing Authority of McAlester, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of McAlester, Oklahoma's basic financial statements. We issued our report thereon dated March 1, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Mike Estes, P.C.
Fort Worth, Texas
March 1, 2024

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

YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR PROGRAM TITLE	CDFA NO.	PROGRAM EXPENDITURES
U. S. Department of Housing and Urban Development Direct Programs:		
Low-Income Housing Operating Subsidy	14.850a	\$ 929,660
Capital Fund Program	14.872	235,125
Housing Choice Voucher	14.871	\$ 318,588
Total United States Department of Housing and Urban Development		\$ 1,483,373
Total Expenditures of Federal Awards		\$ 1,483,373

The accompanying notes are an integral part of this schedule.

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

YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Housing Authority of the City of McAlester, Oklahoma (the “Housing Authority”) under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

	Federal Sources
Enterprise Funds	
Governmental operating grants	\$ 1,408,813
Capital contributions	74,560
	1,483,373
Total	\$ 1,483,373

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.

NOTE 5 – DE MINIMIS INDIRECT COST RATE The Housing Authority did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

YEAR ENDED JUNE 30, 2023

Section I – Summary of the Auditor’s Results

Financial Statement Audit

1. Type of Auditor’s Report Issued on Financial Statements – Unmodified.
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 – Qualified.
3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 200)? ✓ yes _____ no
4. The programs tested as major programs include:

CFDA# 14.850 Public and Indian Housing – Low Rent Program
5. Dollar threshold used to distinguish between Type A and Type B Programs as described in the Uniform Guidance (2 CFR 200): \$ 750,000
6. Auditee qualified as low-risk auditee under Uniform Guidance (2 CFR 200)? ✓ yes _____ no
7. Nonstatistical sampling was used. To determine sample sizes, the AICPA Audit Guide *Audit Sampling* was used.

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

YEAR ENDED JUNE 30, 2023

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:

Low Rent Program-CDFA#14.850

Finding 2023-001-Non-Compliance with Procurement Policy-Procurement

Criteria and Condition

All amounts above the Small Purchase Threshold (SMT) should follow the Procurement Policy. Depending on the amount, telephone, email, or written bids may be acceptable. In other instances, depending on the estimated amount of expenditure, more strict methods are required by both the Authority's Procurement Policy and also federal regulations regarding procurement. Even when individual expenditure amounts paid are below the SMT, if it is reasonable to assume that similar expenditures through the year will in total exceed the SMT, obtaining other bids is still required.

Context

During the audit year, \$142,665 was paid to the same contractor for heating and cooling maintenance expenses, in approximately 25 payments. Most of each of the 25 payments were for more than one service.

\$52,791 was paid to the same contractor noted above for plumbing work, in 37 payments. Many of the 37 payments were for more than one service.

It does not appear the Authority solicited bids or quotes from other contractors for these services.

Effect

The possibility of paying more than a reasonable charge was not reduced to a lower level by soliciting quotes for the same service. Management asserts that this is the only entity that locally, will both timely appear on a regular basis and perform a satisfactory service. Often the service required may not be a technical emergency. Nevertheless, management asserts, the service such as a toilet plumbing problem or non-functioning air conditioning in hot weather is a near emergency.

We do note that a large related-type job for replacement of 87 air conditioners, replacement of water lines, and other work was reviewed. The contract-award was dated February 13, 2023. The work appeared to be properly advertised for bid, bids obtained, insurance and references checked, and awarded with the advice and review of the architect. The award was for \$739,849. It appears Davis-Bacon compliance is being properly monitored on that job. Field reports and monitoring reports by management are being prepared. The first payment was in August 2023.

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

YEAR ENDED JUNE 30, 2023

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:

Cause

Oversight by management.

Questioned Costs

None

Recommendation

We realize it is not practical to bid out all services rendered for similar services that result in 62 payments (25 and 37 above), with multiple particulars covered by most if not all the payments.

However, Management should periodically bid out specific jobs, specifying the factors involved in making the award, and noting price is not the sole determining factor. These will have to be uniform jobs where the services needed are predictable. Then, for a reasonable period of time, this vendor would be used for the same electrical or plumbing type service without individual quotes.

Hourly rates should also be compared among vendors, since often the electrician, plumber, or other contractor may not know what they may encounter until they are into the job.

When management is unable to obtain three or more quotes, they should review and document the charges for uniform services and hourly rates in nearby cities for comparison purposes.

View of Responsible Officials

I am Skip Evans, Executive Director and Designated Person to answer these findings. I will comply with the auditor's suggestion.

Low Rent Program-CDFA#14.850

Finding 2023-002-Inventory of Maintenance Equipment and Office Furniture Should Be Updated-Special Tests

Criteria and Condition

Federal regulations require that the Authority update its inventory of equipment and Office Equipment at least every two years.

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

YEAR ENDED JUNE 30, 2023

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:

Context

The listing has not been updated in several years. We do note that the ranges, refrigerators, and hot water heaters in each unit are maintained by serial number on Excel, and are checked at the annual or move-in inspections

Effect

The estimated effect of non-compliance is likely minimal. The office and Maintenance Shop have not been remodeled or moved. The E.D. asserts that he is familiar with the vehicles and large pieces of equipment.

Cause

Oversight by management.

Questioned Costs

None

Recommendation

There are various ways to document an update of the inventory. A common method is to tag with a number all of the pieces of office furniture and maintenance equipment. Small items, hanging framed prints, etc. can be disregarded. Then, on Excel or something similar, a description such as “E.D. desk” is entered on the page, along with its assigned number. Further breakdowns likely could be “E.D.’s office”, “conference room”, etc.

View of Responsible Officials

We will comply with the auditor’s recommendation.

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

YEAR ENDED JUNE 30, 2023

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:

Low Rent Program-CDFA#14.850

Finding 2023-003-Section III Summary Report Not on File-Reporting

Criteria and Condition

A Section III Summary Report is required to be prepared annually. Currently it is not required to be sent to HUD. However, it is supposed to be available for third party review.

Context

Management asserts that they did not prepare the report for the audit year

Effect

Federal regulations were not complied with.

Cause

Oversight by management

Questioned Costs

None

Recommendation

The reports should be timely prepared annually. They should be available for third party review.

View of Responsible Officials

We will comply with the auditor's recommendation.

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

YEAR ENDED JUNE 30, 2023

Section III – Findings and questioned costs for federal awards which are required to be reported under Uniform Guidance

Auding Findings 2023-001, 2023-002, and 2023-003 also applies here.

MCALESTER HOUSING AUTHORITY
520 W. Kiowa
McAlester, OK 74501
Phone No. (918) 423-3345 Fax No. (918) 426-3064

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2023

Corrective Action Plan Finding:

Finding 2023-001-Non-Compliance with Procurement Policy-Procurement

Condition:

All amounts above the Small Purchase Threshold (SMT) should follow the Procurement Policy. Depending on the amount, telephone, email, or written bids may be acceptable. In other instances, depending on the estimated amount of expenditure, more strict methods are required. Even if the amount paid is below the Small Purchase Threshold, if it is reasonable that similar purchases throughout the year will in total exceed the SMT, obtaining other bids is still required.

Corrective Action Planned

I am Skip Evans, Executive Director and Designated Person to answer these findings. I will comply with the auditor's suggestion.

Person responsible for corrective action:

Skipton Evans, Executive Director
McAlester Housing Authority
520 W. Kiowa
McAlester, OK 74501

Telephone: (918) 423-3345
Fax: (918) 426-3064

Anticipated Completion Date- June 30, 2024

Corrective Action Plan Finding:

Finding 2023-002-Inventory of Maintenance Equipment and Office Furniture Should Be Updated-Special Tests

Condition:

A Section III Summary Report is required to be prepared annually. Currently it is not required to be sent to HUD. However, it is supposed to be available for third party review.

Corrective Action Planned

We will comply with the auditor's recommendation.

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA
CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2023

Person responsible for corrective action:

Skipton Evans, Executive Director
McAlester Housing Authority
520 W. Kiowa
McAlester, OK 74501

Telephone: (918) 423-3345
Fax: (918) 426-3064

Anticipated Completion Date- June 30, 2024

Corrective Action Plan Finding:

Finding 2023-003-Section III Summary Report Not on File-Reporting

Condition:

Federal regulations require that the Authority update its inventory of equipment and Office Equipment at least every two years.

Corrective Action Planned

We will comply with the auditor's recommendation.

Person responsible for corrective action:

Skipton Evans, Executive Director
McAlester Housing Authority
520 W. Kiowa
McAlester, OK 74501

Telephone: (918) 423-3345
Fax: (918) 426-3064

Anticipated Completion Date- June 30, 2024

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

YEAR ENDED JUNE 30, 2023

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, 2023

	2018 Capital Fund	2019 Capital Fund
	<u> </u>	<u> </u>
Funds approved	\$ 517,381	\$ 541,071
Funds expended	517,381	541,071
Excess of funds approved	<u> 0</u>	<u> 0</u>
Funds advanced	\$ 517,381	\$ 541,071
Funds expended	517,381	541,071
Excess (Deficiency) of funds advanced	<u> 0</u>	<u> 0</u>

1. The Actual Modernization Costs are as follows:
2. The distribution of costs by project as shown on the Final Statements of Modernization Costs, both dated April 19, 2023 accompanying the Actual Modernization Costs Certificates submitted to HUD for approval are 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, 2023

	CASH BASIS		
	2020 Capital Fund	2021 Capital Fund	2022 Capital Fund
	<u> </u>	<u> </u>	<u> </u>
Funds approved	\$ 578,661	\$ 606,750	\$ 759,716
Funds expended	195,653	261,425	145,435
Excess of funds approved	<u>\$ 383,008</u>	<u>\$ 345,325</u>	<u>\$ 614,281</u>
Funds advanced	\$ 195,653	\$ 261,425	\$ 104,875
Funds expended	195,653	261,425	145,435
Excess (Deficiency) of funds	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (40,560)</u>

See accountant's report

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

YEAR ENDED JUNE 30, 2023

Entity Wide Balance Sheet Summary					
	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$317,493	\$100,733	\$418,226	\$0	\$418,226
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$988	\$988	\$0	\$988
114 Cash - Tenant Security Deposits	\$34,900	\$0	\$34,900	\$0	\$34,900
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$352,393	\$101,721	\$454,114	\$0	\$454,114
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$40,560	\$5,945	\$46,505	\$0	\$46,505
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$12,309	\$0	\$12,309	\$0	\$12,309
126.1 Allowance for Doubtful Accounts - Tenants	-\$5,181	\$0	-\$5,181	\$0	-\$5,181
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0
128 Fraud Recovery	\$4,521	\$3,023	\$7,544	\$0	\$7,544
128.1 Allowance for Doubtful Accounts - Fraud	-\$1,044	-\$3,023	-\$4,067	\$0	-\$4,067
129 Accrued Interest Receivable	\$921	\$0	\$921	\$0	\$921
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$52,086	\$5,945	\$58,031	\$0	\$58,031
131 Investments - Unrestricted	\$384,087	\$0	\$384,087	\$0	\$384,087
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$24,738	\$926	\$25,664	\$0	\$25,664
143 Inventories	\$10,732	\$0	\$10,732	\$0	\$10,732
143.1 Allowance for Obsolete Inventories	-\$1,073	\$0	-\$1,073	\$0	-\$1,073
144 Inter Program Due From	\$0	\$0	\$0	\$0	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0
150 Total Current Assets	\$822,963	\$108,592	\$931,555	\$0	\$931,555
161 Land	\$267,459	\$0	\$267,459	\$0	\$267,459
162 Buildings	\$16,428,845	\$0	\$16,428,845	\$0	\$16,428,845
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$0	\$0	\$0	\$0
164 Furniture, Equipment & Machinery - Administration	\$153,091	\$315	\$153,406	\$0	\$153,406
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0
166 Accumulated Depreciation	-\$14,948,336	-\$164	-\$14,948,500	\$0	-\$14,948,500
167 Construction in Progress	\$74,560	\$0	\$74,560	\$0	\$74,560
168 Infrastructure	\$0	\$0	\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,975,619	\$151	\$1,975,770	\$0	\$1,975,770
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0
174 Other Assets	\$3,101	\$129	\$3,230	\$0	\$3,230
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0
180 Total Non-Current Assets	\$1,978,720	\$280	\$1,979,000	\$0	\$1,979,000
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$2,801,683	\$108,872	\$2,910,555	\$0	\$2,910,555

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

YEAR ENDED JUNE 30, 2023

Entity Wide Balance Sheet Summary					
	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$8,765	\$112	\$8,877	\$0	\$8,877
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$22,386	\$823	\$23,209	\$0	\$23,209
322 Accrued Compensated Absences - Current Portion	\$12,830	\$619	\$13,449	\$0	\$13,449
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0
333 Accounts Payable - Other Government	\$44,341	\$0	\$44,341	\$0	\$44,341
341 Tenant Security Deposits	\$34,900	\$0	\$34,900	\$0	\$34,900
342 Unearned Revenue	\$8,365	\$0	\$8,365	\$0	\$8,365
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0
345 Other Current Liabilities	\$40,560	\$0	\$40,560	\$0	\$40,560
346 Accrued Liabilities - Other	\$7,275	\$0	\$7,275	\$0	\$7,275
347 Inter Program - Due To	\$0	\$0	\$0	\$0	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0
310 Total Current Liabilities	\$179,422	\$1,554	\$180,976	\$0	\$180,976
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$31,231	\$864	\$32,095	\$0	\$32,095
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$31,231	\$864	\$32,095	\$0	\$32,095
300 Total Liabilities	\$210,653	\$2,418	\$213,071	\$0	\$213,071
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$1,975,619	\$151	\$1,975,770		\$1,975,770
511.4 Restricted Net Position	\$0	\$988	\$988		\$988
512.4 Unrestricted Net Position	\$615,411	\$105,315	\$720,726		\$720,726
513 Total Equity - Net Assets / Position	\$2,591,030	\$106,454	\$2,697,484	\$0	\$2,697,484
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,801,683	\$108,872	\$2,910,555	\$0	\$2,910,555

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA
FINANCIAL DATA SCHEDULES

YEAR ENDED JUNE 30, 2023

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$596,345	\$0	\$596,345
70400 Tenant Revenue - Other	\$15,984	\$0	\$15,984
70500 Total Tenant Revenue	\$612,329	\$0	\$612,329
70600 HUD PHA Operating Grants	\$929,660	\$160,565	\$1,090,225
70610 Capital Grants	\$0	\$74,560	\$74,560
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	\$3,605	\$0	\$3,605
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	\$18,186	\$0	\$18,186
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0
72000 Investment Income - Restricted	\$0	\$0	\$0
70000 Total Revenue	\$1,563,780	\$235,125	\$1,798,905
91100 Administrative Salaries	\$135,671	\$0	\$135,671
91200 Auditing Fees	\$13,440	\$0	\$13,440
91300 Management Fee	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0
91400 Advertising and Marketing	\$972	\$0	\$972
91500 Employee Benefit contributions - Administrative	\$67,005	\$0	\$67,005
91600 Office Expenses	\$54,964	\$0	\$54,964
91700 Legal Expense	\$108	\$0	\$108
91800 Travel	\$1,124	\$0	\$1,124
91810 Allocated Overhead	\$0	\$0	\$0
91900 Other	\$20,835	\$0	\$20,835
91000 Total Operating - Administrative	\$294,119	\$0	\$294,119
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	\$0	\$0	\$0
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$51,689	\$0	\$51,689
93200 Electricity	\$32,500	\$0	\$32,500
93300 Gas	\$22,537	\$0	\$22,537
93400 Fuel	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0
93600 Sewer	\$46,204	\$0	\$46,204

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

YEAR ENDED JUNE 30, 2023

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0
93000 Total Utilities	\$152,930	\$0	\$152,930
94100 Ordinary Maintenance and Operations - Labor	\$180,435	\$0	\$180,435
94200 Ordinary Maintenance and Operations - Materials and Other	\$139,124	\$0	\$139,124
94300 Ordinary Maintenance and Operations Contracts	\$475,917	\$0	\$475,917
94500 Employee Benefit Contributions - Ordinary Maintenance	\$92,006	\$0	\$92,006
94000 Total Maintenance	\$887,482	\$0	\$887,482
95100 Protective Services - Labor	\$88,576	\$0	\$88,576
95200 Protective Services - Other Contract Costs	\$268	\$0	\$268
95300 Protective Services - Other	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$25,888	\$0	\$25,888
95000 Total Protective Services	\$114,732	\$0	\$114,732
96110 Property Insurance	\$106,847	\$0	\$106,847
96120 Liability Insurance	\$22,554	\$0	\$22,554
96130 Workmen's Compensation	\$17,346	\$0	\$17,346
96140 All Other Insurance	\$8,983	\$0	\$8,983
96100 Total insurance Premiums	\$155,730	\$0	\$155,730
96200 Other General Expenses	\$0	\$0	\$0
96210 Compensated Absences	\$36,199	\$0	\$36,199
96300 Payments in Lieu of Taxes	\$44,341	\$0	\$44,341
96400 Bad debt - Tenant Rents	\$13,793	\$0	\$13,793
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	\$94,333	\$0	\$94,333
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$68	\$0	\$68
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$68	\$0	\$68
96900 Total Operating Expenses	\$1,699,394	\$0	\$1,699,394
97000 Excess of Operating Revenue over Operating Expenses	-\$135,614	\$235,125	\$99,511
97100 Extraordinary Maintenance	\$9,150	\$0	\$9,150
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$0	\$0
97350 HAP Portability-In	\$0	\$0	\$0
97400 Depreciation Expense	\$263,399	\$52,262	\$315,661
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	\$1,971,943	\$52,262	\$2,024,205

HOUSING AUTHORITY OF MCALESTER, OKLAHOMA
FINANCIAL DATA SCHEDULES

YEAR ENDED JUNE 30, 2023

Single Project Revenue and Expense			
	Low Rent	Capital Fund	Total Project
10010 Operating Transfer In	\$160,565	\$0	\$160,565
10020 Operating transfer Out	\$0	-\$160,565	-\$160,565
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)	\$160,565	-\$160,565	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$247,598	\$22,298	-\$225,300
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,091,547	\$724,783	\$2,816,330
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	3179		3179
11210 Number of Unit Months Leased	3009		3009
11270 Excess Cash	\$467,252		\$467,252
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$74,560	\$74,560
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, 2023

Entity Wide Revenue and Expense Summary					
	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$596,345	\$0	\$596,345	\$0	\$596,345
70400 Tenant Revenue - Other	\$15,984	\$0	\$15,984	\$0	\$15,984
70500 Total Tenant Revenue	\$612,329	\$0	\$612,329	\$0	\$612,329
70600 HUD PHA Operating Grants	\$1,090,225	\$318,588	\$1,408,813	\$0	\$1,408,813
70610 Capital Grants	\$74,560	\$0	\$74,560	\$0	\$74,560
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	\$3,605	\$10	\$3,615	\$0	\$3,615
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	\$38	\$38	\$0	\$38
71500 Other Revenue	\$18,186	\$157	\$18,343	\$0	\$18,343
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	\$1,798,905	\$318,793	\$2,117,698	\$0	\$2,117,698
91100 Administrative Salaries	\$135,671	\$14,103	\$149,774	\$0	\$149,774
91200 Auditing Fees	\$13,440	\$560	\$14,000	\$0	\$14,000
91300 Management Fee	\$0	\$0	\$0	\$0	\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$0
91400 Advertising and Marketing	\$972	\$26	\$998	\$0	\$998
91500 Employee Benefit contributions - Administrative	\$67,005	\$8,710	\$75,715	\$0	\$75,715
91600 Office Expenses	\$54,964	\$2,266	\$57,230	\$0	\$57,230
91700 Legal Expense	\$108	\$0	\$108	\$0	\$108
91800 Travel	\$1,124	\$29	\$1,153	\$0	\$1,153
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0
91900 Other	\$20,835	\$998	\$21,833	\$0	\$21,833
91000 Total Operating - Administrative	\$294,119	\$26,692	\$320,811	\$0	\$320,811
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	\$0	\$0	\$0	\$0	\$0
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water	\$51,689	\$0	\$51,689	\$0	\$51,689
93200 Electricity	\$32,500	\$0	\$32,500	\$0	\$32,500
93300 Gas	\$22,537	\$0	\$22,537	\$0	\$22,537
93400 Fuel	\$0	\$0	\$0	\$0	\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0
93600 Sewer	\$46,204	\$0	\$46,204	\$0	\$46,204

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

YEAR ENDED JUNE 30, 2023

Entity Wide Revenue and Expense Summary					
	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0
93800 Other Utilities Expense	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$152,930	\$0	\$152,930	\$0	\$152,930
94100 Ordinary Maintenance and Operations - Labor	\$180,435	\$0	\$180,435	\$0	\$180,435
94200 Ordinary Maintenance and Operations - Materials and Other	\$139,124	\$0	\$139,124	\$0	\$139,124
94300 Ordinary Maintenance and Operations Contracts	\$475,917	\$0	\$475,917	\$0	\$475,917
94500 Employee Benefit Contributions - Ordinary Maintenance	\$92,006	\$0	\$92,006	\$0	\$92,006
94000 Total Maintenance	\$887,482	\$0	\$887,482	\$0	\$887,482
95100 Protective Services - Labor	\$88,576	\$0	\$88,576	\$0	\$88,576
95200 Protective Services - Other Contract Costs	\$268	\$0	\$268	\$0	\$268
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0
95500 Employee Benefit Contributions - Protective Services	\$25,888	\$0	\$25,888	\$0	\$25,888
95000 Total Protective Services	\$114,732	\$0	\$114,732	\$0	\$114,732
96110 Property Insurance	\$106,847	\$0	\$106,847	\$0	\$106,847
96120 Liability Insurance	\$22,554	\$940	\$23,494	\$0	\$23,494
96130 Workmen's Compensation	\$17,346	\$678	\$18,024	\$0	\$18,024
96140 All Other Insurance	\$8,983	\$52	\$9,035	\$0	\$9,035
96100 Total insurance Premiums	\$155,730	\$1,670	\$157,400	\$0	\$157,400
96200 Other General Expenses	\$0	\$551	\$551	\$0	\$551
96210 Compensated Absences	\$36,199	\$1,245	\$37,444	\$0	\$37,444
96300 Payments in Lieu of Taxes	\$44,341	\$0	\$44,341	\$0	\$44,341
96400 Bad debt - Tenant Rents	\$13,793	\$0	\$13,793	\$0	\$13,793
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	\$94,333	\$1,796	\$96,129	\$0	\$96,129
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0
96720 Interest on Notes Payable (Short and Long Term)	\$68	\$3	\$71	\$0	\$71
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$68	\$3	\$71	\$0	\$71
96900 Total Operating Expenses	\$1,699,394	\$30,161	\$1,729,555	\$0	\$1,729,555
97000 Excess of Operating Revenue over Operating Expenses	\$99,511	\$288,632	\$388,143	\$0	\$388,143
97100 Extraordinary Maintenance	\$9,150	\$0	\$9,150	\$0	\$9,150
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0
97300 Housing Assistance Payments	\$0	\$260,775	\$260,775	\$0	\$260,775
97350 HAP Portability-In	\$0	\$0	\$0	\$0	\$0
97400 Depreciation Expense	\$315,661	\$326	\$315,987	\$0	\$315,987
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	\$2,024,205	\$291,262	\$2,315,467	\$0	\$2,315,467

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

YEAR ENDED JUNE 30, 2023

Entity Wide Revenue and Expense Summary					
	Project Total	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
10010 Operating Transfer In	\$160,565	\$0	\$160,565	-\$160,565	\$0
10020 Operating transfer Out	-\$160,565	\$0	-\$160,565	\$160,565	\$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	-\$225,300	\$27,531	-\$197,769	\$0	-\$197,769
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$2,816,330	\$78,923	\$2,895,253	\$0	\$2,895,253
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		\$105,466	\$105,466		\$105,466
11180 Housing Assistance Payments Equity		\$988	\$988		\$988
11190 Unit Months Available	3179	924	4103	0	4103
11210 Number of Unit Months Leased	3009	798	3807	0	3807
11270 Excess Cash	\$467,252		\$467,252		\$467,252
11610 Land Purchases	\$0		\$0		\$0
11620 Building Purchases	\$74,560		\$74,560		\$74,560
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