

HOUSING AUTHORITY OF THE CITY OF SHAWNEE

**FINANCIAL STATEMENTS
&
SUPPLEMENTAL INFORMATION**

YEAR ENDED DECEMBER 31, 2011

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
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YEAR ENDED DECEMBER 31, 2011

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HOUSING AUTHORITY OF THE CITY OF SHAWNEE
MANAGEMENT'S DISCUSSION & ANALYSIS
DECEMBER 31, 2011

Management's Discussion and Analysis

The Management's Discussion and Analysis (the "MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Housing Authority of the City of Shawnee's, (the "Authority") financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (d) identify issues or concerns. This will now be presented at the front of each year's financial statements.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- Net assets at December 31, 2011, increased to \$8,860,430. Since the Authority engages only in business-type activities, the increase is all in the category of business-type net assets. Net assets were \$8,844,118 for 2010.
- The business-type activities operating revenue at December 31, 2011, decreased to \$5,473,301. Total operating revenue was \$5,682,442 for 2010.
- The total operating expenses of all programs for December 31, 2011, increased to \$5,905,271. Total operating expenses were \$5,876,409 for 2010.
- Total capital grant contributions at December 31, 2011, decreased to \$409,981. Total capital grant contributions were \$1,096,688 for 2010.

Overview of the Financial Statements

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity.

This MD&A is intended to serve as an introduction to the Authority's basic financial statements.

The following statements are included:

- Statement of Net Assets – reports current financial resources (short-term expendable resources) with capital assets and long-term obligations.
- Statement of Revenue, Expenses, and Changes in Fund Net Assets - reports operating and nonoperating revenue, by major source along with operating and nonoperating expenses and capital contributions.
- Statement of Cash Flows – reports cash flows from operating, investing, capital, non-capital activities.

Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income (as defined in the HUD regulations).

Capital Fund Grants – The Authority's capital funds are received from the federal government through a formula driven computation. These funds are used to upgrade our facilities at various developments to give our residents the decent and safe living environment they need. Each year's grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years.

Public Housing Capital Fund Stimulus (Formula) Recovery Act – To provide funds for the capital and management activities of Public Housing Agencies as authorized under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) (the "Act"), with the exception that funds cannot be used for operations or rental assistance. The funds will be used for capital and management activities, including modernization and development of public housing.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Authority contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participant's rent at 30% or up 40% of household income.

Resident Service Grants – Resident Service Grants are competitive grants provided by HUD, used by the Housing Authority to provide social services to its residents such as economic independence support. The costs of these programs are budgeted and are reimbursed on a dollar for dollar basis.

Home Equity Conversion Mortgages – Under the Home Equity program, the Authority enables elderly homeowners to convert equity in their homes to monthly streams of income or lines of credit.

Housing Counseling Assistance Program – Under the Housing Counseling Assistance program, the Authority provides counseling to homeowners, homebuyers, prospective renters and tenants under HUD, conventional and other government programs in improving their housing conditions and in meeting the responsibilities of tenancy and homeownership.

FINANCIAL ANALYSIS

The following tables focus on the net assets and the change in net assets of the primary government as a whole.

TABLE 1 – STATEMENT OF NET ASSETS

	<u>2011</u>	<u>2010</u>	<u>Variance</u>	<u>% Change</u>
Current Assets	\$ 3,289,578	\$ 2,676,741	\$ 612,837	22.89%
Capital Assets, Net	6,331,524	6,566,561	(235,037)	-3.58%
Total Assets	<u>\$ 9,621,102</u>	<u>\$ 9,243,302</u>	<u>\$ 377,800</u>	4.09%
Current Liabilities	\$ 760,672	\$ 295,531	\$ 465,141	157.39%
Noncurrent Liabilities	-	103,653	(103,653)	-100.00%
Total Liabilities	<u>760,672</u>	<u>399,184</u>	<u>361,488</u>	90.56%
Net Assets:				
Invested in Capital Assets	6,331,524	6,566,561	(235,037)	-3.58%
Restricted	451,352	400,248	51,104	12.77%
Unrestricted	2,077,554	1,877,309	200,245	10.67%
Total Net Assets	<u>8,860,430</u>	<u>8,844,118</u>	<u>16,312</u>	0.18%
Total Liabilities & Net Assets	<u>\$ 9,621,102</u>	<u>\$ 9,243,302</u>	<u>\$ 377,800</u>	4.09%

MAJOR FACTORS AFFECTING THE STATEMENT OF NET ASSETS

Current assets increased by \$612,837 primarily due to an increase in cash resulting from positive operating results in the current year and a large increase in accounts receivable due from HUD for the reimbursement of capital expenditures.

Capital assets decreased by \$235,037 primarily due to normal depreciation of assets in excess of current additions to buildings and construction in process.

Current liabilities increased by \$465,141 primarily due to a large accrual at year-end relating to Phase III of the Tower HVAC replacement project in the amount of \$341,092 and the classification of family self-sufficiency (FSS) escrow liabilities as current vs. noncurrent liabilities as in the prior year.

TABLE 2 – STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS

The following schedule compares the revenue and expenses for the current and previous fiscal years. The Authority is engaged only in business-type activities.

	<u>2011</u>	<u>2010</u>	<u>Variance</u>	<u>% Change</u>
Operating Revenues				
Rental Income	\$ 714,669	719,327	\$ (4,658)	-0.65%
Federal Grants	4,341,401	4,639,918	(298,517)	-6.43%
Other	417,231	323,197	94,034	29.09%
Total Operating Revenues	<u>5,473,301</u>	<u>5,682,442</u>	<u>(209,141)</u>	-3.68%
Operating Expenses				
Administration	1,283,819	1,229,789	54,030	4.39%
Tenant Services	174,855	208,702	(33,847)	-16.22%
Utilities	224,861	223,480	1,381	0.62%
Maintenance	709,114	733,810	(24,696)	-3.37%
Protective Services	49,000	50,193	(1,193)	-2.38%
General	302,502	337,796	(35,294)	-10.45%
Housing Assistance Payments	2,489,737	2,461,771	27,966	1.14%
Other Operating Expenses	17,601	3,475	14,126	406.50%
Depreciation	653,782	627,393	26,389	4.21%
Total Operating Expenses	<u>5,905,271</u>	<u>5,876,409</u>	<u>28,862</u>	0.49%
Operating Income (loss)	<u>(431,970)</u>	<u>(193,967)</u>	<u>(238,003)</u>	122.70%
Nonoperating revenues (expenses):				
Interest Revenue	22,858	20,896	1,962	9.39%
Gain on Sale of Capital Assets	6,679	640	6,039	943.59%
Capital Contributions	409,981	1,096,688	(686,707)	-62.62%
Total Nonoperating Activity	<u>439,518</u>	<u>1,118,224</u>	<u>(678,706)</u>	-60.69%
Change in Net Assets	7,548	924,257	(916,709)	-99.18%
Prior Period Adjustments	8,764	-	8,764	
Beginning Net Assets	<u>8,844,118</u>	<u>7,919,861</u>	<u>924,257</u>	11.67%
Ending Net Assets	<u>\$ 8,860,430</u>	<u>\$ 8,844,118</u>	<u>\$ 16,312</u>	0.18%

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS

The Authority had an operating loss of \$431,970 including non-cash depreciation expense of \$653,782 versus an operating loss of \$193,967 and depreciation expense of \$627,393 in the prior year.

Total operating revenue decreased by \$209,141 to \$5,473,301 primarily due to a decrease in federal operating grants offset slightly by an increase in other income resulting from the recognition of insurance proceeds received in the current year from a unit that suffered severe fire damage.

Total operating expenses increased by \$28,862 to \$5,905,271 primarily due to an increase in administrative expenses resulting from annual raises, office expenses and the addition of a new employee in the low rent program.

Capital contributions decreased by \$686,707 to \$409,981 due to much of the ARRA stimulus funds being expended in the prior year.

CAPITAL ASSETS

As of December 31, 2011, investment in capital assets for its business-type activities was \$6,331,524 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

Major capital asset purchases during the current fiscal year included the following:

- New HVAC units for Tower Project
- Milstead Roof Project

Major capital asset disposals during the current fiscal year included the following:

- 2001 Ford Windstar
- 1997 Chevy Pickup
- 1998 Chevy Cargo Van
- 1992 GMC Pickup

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- The President's 2012 budget contains language that if included in the HUD 2012 Appropriations Act would require HUD to take into account the Authority's operating reserves in the calculation of the Authority's 2012 operating subsidy. This process is referred to as the "Subsidy Allocation Adjustment." After HUD determines the 2012 operating fund eligibility for each public housing authority project, HUD will make an allocation adjustment, as applicable, to the Authority's eligibility. The Authority estimates this could result in a 19-27 percent reduction in the Authority's 2012 operating subsidy eligibility.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflation, recession and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Mr. Randy Thomason, Executive Director, Housing Authority of the City of Shawnee, 405.275.6330.



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

Independent Auditor's Report

We have audited the accompanying basic financial statements of the Housing Authority of the City of Shawnee (the "Authority"), as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

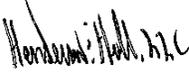
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have issued our report dated July 19, 2012, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental information, which includes the Statement and Certification of Actual Modernization Costs and the Financial Data Schedule (FDS), is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Henderson & Hill, LLC
July 19, 2012

HENDERSON & HILL, LLC CERTIFIED PUBLIC ACCOUNTANTS

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

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*

We have audited the basic financial statements of the Housing Authority of the City of Shawnee (the "Authority"), as of and for the year ended December 31, 2011, and have issued our report thereon dated July 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

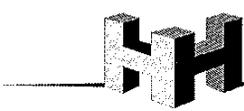
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify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

Compliance and Other Matters - As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Authority in a separate letter dated July 19, 2012.

This report is intended for the information of the board of commissioners, management, others within the entity and the Office of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.


Henderson & Hill, LLC
July 19, 2012



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

Report on Compliance with Requirements that could have a Direct and Material effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Compliance - We have audited the compliance of the Housing Authority of the City of Shawnee (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

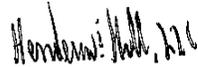
In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance - The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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



Henderson & Hill, LLC
July 19, 2012

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
STATEMENT OF NET ASSETS
ENTERPRISE FUND
DECEMBER 31, 2011

ASSETS

Current Assets:

Unrestricted cash and cash equivalents	\$	844,285
Restricted cash and cash equivalents		125,724
Investments		1,272,004
Restricted investments		513,766
Accounts receivable		
HUD		354,635
Miscellaneous		19,783
Tenants, net of allowance of \$2,467		5,080
Accrued interest		8,230
Fraud recovery, net of allowance of \$11,329		21,774
Inventories, net of allowance of \$1,875		35,625
Prepays and other assets		88,672
Total current assets		<u>3,289,578</u>

Noncurrent assets:

Capital assets:

Land		345,053
Building and equipment		19,982,845
Construction in progress		374,171
Less accumulated depreciation		<u>(14,370,545)</u>
Capital assets, net		<u>6,331,524</u>
Total noncurrent assets		<u>6,331,524</u>

Total assets \$ 9,621,102

LIABILITIES

Current liabilities:

Accounts payable	\$	29,717
Accrued liabilities		480,172
Intergovernmental payables		45,973
Tenant security deposits		90,311
Deferred revenue		11,669
Family self-sufficiency (FSS) escrow liability		97,827
Other current liabilities		5,003
Total current liabilities		<u>760,672</u>

Total liabilities 760,672

NET ASSETS

Invested in capital assets		6,331,524
Restricted		451,352
Unrestricted		<u>2,077,554</u>
Total net assets		<u>8,860,430</u>

Total liabilities & net assets \$ 9,621,102

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

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUND
FOR YEAR ENDED DECEMBER 31, 2011

Operating revenues	
Rental income	\$ 714,669
Federal grants	4,341,401
Other	<u>417,231</u>
Total operating revenues	<u>5,473,301</u>
Operating expenses	
Administration	1,283,819
Tenant services	174,855
Utilities	224,861
Maintenance	709,114
Protective services	49,000
General	302,502
Housing assistance payments	2,489,737
Other operating expenses	17,601
Depreciation	<u>653,782</u>
Total operating expenses	<u>5,905,271</u>
Operating Income (loss)	(431,970)
Nonoperating revenues (expenses):	
Interest revenue	22,858
Gain on sale of capital assets	<u>6,679</u>
Income (loss) before contributions	(402,433)
Capital contributions	<u>409,981</u>
Change in net assets	7,548
Total net assets - beginning of the year	<u>8,844,118</u>
Prior period adjustments	<u>8,764</u>
Total net assets - beginning of the year, as restated	<u>8,852,882</u>
Total net assets - end of the year	<u><u>\$ 8,860,430</u></u>

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

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants	\$ 700,354
Federal grants	4,341,307
Other receipts	405,391
Payments to suppliers & Section 8 landlords	(3,126,672)
Payments to or on behalf of employees	<u>(1,745,754)</u>
Net cash provided (used) by operating activities	<u>574,626</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(409,981)
Capital contributions	80,706
Proceeds from sale of capital assets	<u>6,679</u>
Net cash provided (used) by capital financing activities	<u>(322,596)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest revenue	22,538
Purchase of investments	<u>(23,017)</u>
Net cash provided (used) by investing activities	<u>(479)</u>
Net increase (decrease) in cash and cash equivalents	251,551
Balances - beginning of the year	<u>718,458</u>
Balances - end of the year	<u>\$ 970,009</u>
Reconciliation of income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (431,970)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	653,782
Change in assets and liabilities:	
Receivables, net	(4,909)
Inventories, net	(5,151)
Prepays and other assets	1,386
Accounts payable	2,659
Intergovernmental payables	(1,000)
Deferred revenue	3,730
Other liabilities	5,003
Family self-sufficiency (FSS) escrow liability	3,961
Accrued liabilities	336,630
Compensated absences	9,070
Tenant security deposits	<u>1,435</u>
Net cash provided (used) by operating activities	<u>\$ 574,626</u>

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

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority of the City of Shawnee (the “Authority”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management’s Discussion and Analysis (MD&A) section providing an analysis of the Authority’s overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and therefore, presents only the financial statements required for enterprise funds, in accordance with GASB Statement 34, paragraph 138. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of –
 - Statement of Net Assets
 - Statement of Revenues, Expenses and Changes in Fund Net Assets
 - Statement of Cash Flows
- Notes to financial statements
- Required supplemental information other than MD& A

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the “enterprise fund” in the basic financial statements. Significant Authority policies are described below.

A. The Reporting Entity

The Authority was established as a tax-exempt quasi-governmental entity under the United States Housing Act of 1937 for the purpose of providing affordable housing to low and moderate income families in Pottawatomie County, Oklahoma. The governing body of the Authority is composed of a 5 member appointed Board of Commissioners (the “Board”). The Mayor appoints the Board, who in turn hires the Executive Director. The Authority is governed by its charter and by-laws, state and local laws and federal regulations. The Board is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Authority’s management. The Authority has no component units.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority’s financial statements are accounted for on the flow of economic resources management focus using the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and changes in cash flow.

All assets and liabilities associated with a proprietary fund’s activities are included on the Statement of Net Assets. Proprietary fund net assets are segregated into Invested in Capital Assets, Net of Related Debt, Restricted Net Assets and Unrestricted Net Assets. Revenues are recognized when they are earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are rental charges to tenants and operating subsidy grants from HUD. Operating expenses for proprietary funds include the cost of administrative expenses, maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority applies restricted resources to fund restricted costs and unrestricted resources to fund unrestricted costs. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements.

The Authority applies all relevant GASB pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989. The Authority follows all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 for proprietary activities, unless they conflict with GASB pronouncements.

The Authority has previously adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with this statement, the Authority accounted for all grants that qualify as non-exchange transactions, recognizing receivables and revenues when all applicable eligibility requirements are met. In addition, capital contributions are recorded on the Statement of Revenues, Expenses and Changes in Fund Net Assets after income before contributions and before changes in net assets.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
 NOTES TO FINANCIAL STATEMENTS
 FOR YEAR ENDED DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- *Invested in capital assets, net of related debt* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- *Restricted* – Net assets whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions, debt service and HUD mandated housing assistance payment (HAP) equity.
- *Unrestricted* – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the Board or may otherwise be limited by contractual agreements with outside parties.

C. Cash, Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, demand deposits and money market accounts. For purposes of the statement of cash flows, the Authority considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported on the balance sheet approximate fair values because of the short maturities of those investments.

D. Receivables

Receivables include amounts from tenants for rental of housing units, capital grant funding due from HUD, fraud recovery due from tenants and/or program participants, accrued interest due from financial institutions and other miscellaneous receivables. All receivables are current and due within one year. Receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. At December 31, 2011, the allowance account for tenants is \$2,467 and \$11,329 for fraud recovery based on the Authority's estimates.

E. Restricted Assets and Liabilities

Debt covenants, HUD regulations, and inter-local agreements restrict the use of certain assets. Restricted assets are offset by related liabilities in accordance with their liquidity.

F. Inventories

Inventories are accounted for under the consumption method and recorded at the lower of cost or market, net of an allowance for obsolete inventory. Materials and supplies are recorded as inventories when purchased and as expenditures when used. At December 31, 2011, the allowance for obsolete inventory is \$1,875 based on the Authority's estimates.

G. Prepaids

Prepaids represent payments made to vendors for services that will benefit beyond December 31, 2011.

H. Capital Assets

Capital assets include property, furniture, equipment and machinery. Capital assets with initial, individual costs that equal or exceed \$2,500 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Construction in progress consists of capital improvements funded by modernization grant programs. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	15-40
Furniture, equipment, and machinery	3-10

I. Compensated Absences

The Authority's policy allows each employee to accumulate up to 480 vacation hours and be paid for them upon separation. Time accrued beyond that is forfeited unless exception is granted by the Board. The majority of employees utilize their annual accrual of vacation and sick leave during the year accrued. The Authority records compensated absences in the period they are earned and the Authority's policy considers all liability amounts as current obligations.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Recent Accounting Pronouncements

The Authority's management has assessed the potential impact of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and determined this is not applicable as the Authority provides no other postemployment benefits.

NOTE 2 – CASH DEPOSITS AND INVESTMENTS

Cash and investments may be invested in the following HUD-approved vehicles:

- Direct obligations of the federal government backed by the full faith and credit of the United States;
- Obligations of government agencies;
- Securities of government sponsored agencies;
- Demand and savings deposits; and,
- Time deposits and repurchase agreements.

At December 31, 2011, cash was in bank deposits or money market funds that were insured or collateralized with securities held by the Authority or by its agent in the Authority's name. The investments were in certificates of deposit.

Interest Rate Risk – The Authority's formal investment policy does not specifically address the exposure to this risk.

Credit Risk – The Authority's formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.

Custodial Credit Risk – The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Concentration of Credit Risk – The Authority's investment policy does not restrict the amount that the Authority may invest in any one issuer.

NOTE 3 – CAPITAL ASSETS

A. Changes in Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Prior Period Adjustments	Beginning Balance, as Restated	Additions	Decreases	Reclassifications	Ending Balance
Capital assets not being depreciated							
Land	\$ 345,053	\$ -	\$ 345,053	\$ -	\$ -	\$ -	\$ 345,053
Construction in process	24,869	-	24,869	409,981	-	(60,679)	374,171
Total capital assets not being depreciated	369,922	-	369,922	409,981	-	(60,679)	719,224
Capital assets being depreciated							
Buildings and improvements	19,242,098	-	19,242,098	-	-	60,679	19,302,777
Equipment	747,516	-	747,516	-	(67,448)	-	680,068
Total capital assets being depreciated	19,989,614	-	19,989,614	-	(67,448)	60,679	19,982,845
Less accumulated depreciation for:							
Buildings and improvements	(13,223,165)	8,764	(13,214,401)	(604,648)	-	-	(13,819,049)
Equipment	(569,810)	-	(569,810)	(49,134)	67,448	-	(551,496)
Total accumulated depreciation	(13,792,975)	8,764	(13,784,211)	(653,782)	67,448	-	(14,370,545)
Capital assets, net	\$ 6,566,561	\$ 8,764	\$ 6,575,325	\$ (243,801)	\$ -	\$ -	\$ 6,331,524

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
 NOTES TO FINANCIAL STATEMENTS
 FOR YEAR ENDED DECEMBER 31, 2011

NOTE 3 – CAPITAL ASSETS (Continued)

B. Capital Contributions

The Authority receives capital grants from HUD. The Authority recognized \$409,981 in capital contributions for the fiscal year ended December 31, 2011.

C. Construction Commitments

At December 31, 2011, the Authority had one uncompleted construction contract. The remaining commitment on this contract was approximately \$5,300.

NOTE 4 – INTERPROGRAM BALANCES

Interprogram balances at December 31, 2011 consisted of the following:

	Interprogram Due From	Interprogram Due To
Low Rent Public Housing	\$ -	\$ (5,874)
Resident Opportunity and Supportive Services (ROSS)	-	(7,939)
Central Office Cost Center (COCC)	13,813	-
Total	\$ 13,813	\$ (13,813)

These interprogram balances exist because in the normal course of operations, certain programs may pay for common costs or advance funds to meet the operational needs of other programs which create interprogram receivables or payables. These balances are expected to be repaid within one year from the balance sheet date. In addition, these interprogram balances have been eliminated in the preparation of the basic financial statements.

NOTE 5 – NONCURRENT LIABILITIES

Noncurrent liabilities at December 31, 2011 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accr. Compensated Absences	\$ 97,865	\$ 111,883	\$ 102,813	\$ 106,935	\$ 106,935
Family self-sufficiency (FSS) escrow liability	93,866	3,961	-	97,827	97,827
Total Noncurrent Liabilities	\$ 191,731	\$ 115,844	\$ 102,813	\$ 204,762	\$ 204,762

NOTE 6 – PENSION PLAN (DEFINED CONTRIBUTION)

The Authority provides pension benefits for its employees through a Money Purchase Pension Plan, which is administered by American United Life. The plan was adopted by the Board in 1972. Only the Board has the authority to approve any amendments to the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible for the plan after six months of service. The Authority contributes 8.5% of each employee's base salary to the plan while the employees are required to contribute 5.5% of their base salary to the plan. During the past year, the Authority's contributions were \$105,642. Employee's contributions to the plan were \$68,381.

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the funds affected. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. During the current year and the prior three years, settled claims have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with prior year.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2011

NOTE 8 – CONCENTRATION OF RISK

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on availability of funding.

NOTE 9 – AFFILIATED ORGANIZATIONS

The Authority, through cooperative management service agreements, provides management services to the Housing Authority of the City of Stroud, the Housing Authority of the City of Tecumseh and the Housing Authority of the Town of Prague. Through these activities the Authority earned income of approximately \$136,000 in 2011, which is included in other operating revenue in the accompanying statement of revenues, expenses, and changes in net assets. Additionally, the Authority provides the Development Enterprises of Central Oklahoma (DECO) management services as documented in the services agreement between the two organizations. The services provided by this agreement are paid based on actual costs incurred. As of December 31, 2011, the amount owed to the Authority related to the DECO reimbursement for services was approximately \$9,000, which is included in accounts receivable – miscellaneous in the accompanying statement of net assets. The Authority has also recognized approximately \$32,000 of fees and \$12,000 rental income in connection with this agreement which is also included in other operating revenue in the accompanying statement of revenues, expenses, and changes in net assets. These affiliations do not meet the criteria under GASB 14, as amended by GASB 39, for the inclusion in the reporting entity of the Authority, nor do they represent related parties.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

NOTE 11 – RESTRICTED NET ASSETS

Restricted net assets totaled \$451,352 which consists of excess Housing Assistance Payment (HAP) funds available to the Authority under the Section 8 Housing Choice Voucher (HCV) program in the amount of \$350,438 and insurance proceeds in the amount of \$100,914 restricted for the restoration of a public housing unit that suffered fire damage in accordance with the Authority's Annual Contributions Contract (ACC) with HUD.

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

Invested in Capital Assets has been increased to adjust for errors in the prior year capital assets, net of depreciation balance. The beginning accumulated depreciation was reduced by \$8,764 to correct depreciation errors in a prior year. This event had no effect on current year income.

NOTE 13 – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through July 19, 2012 (the date the financial statements were available to be issued) and concluded that, except as noted below, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

The President's 2012 budget contains language that if included in the HUD 2012 Appropriations Act would require HUD to take into account the Authority's operating reserves in the calculation of the Authority's 2012 operating subsidy. This process is referred to as the "Subsidy Allocation Adjustment." After HUD determines the 2012 operating fund eligibility for each public housing authority project, HUD will make an allocation adjustment, as applicable, to the Authority's eligibility. The Authority estimates this could result in a 19-27 percent reduction in the Authority's 2012 operating subsidy eligibility.

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

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Housing Choice Vouchers	14.871	\$ 2,828,089
Resident Opportunity and Supportive Services	14.870	93,719
Home Equity Conversion Mortgages	14.183	10,010
Low Rent Public Housing Program	14.850	1,275,169
Housing Counseling Assistance Program	14.169	43,849
Public Housing Capital Fund Program	14.872	<u>594,793</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 4,845,629</u>

Note A – Basis of Presentation

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

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED DECEMBER 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Are any material weaknesses identified? Yes x No

Are any significant deficiencies identified not
considered to be material weaknesses? Yes x None Reported

Is any noncompliance material to financial statements noted? Yes x No

Federal Awards

Type of auditor's report issued on compliance for
major programs: Unqualified

Internal control over major programs:
Are any material weaknesses identified? Yes x No

Are any significant deficiencies identified not
considered to be material weaknesses? Yes x None Reported

Are any audit findings disclosed that are required to be
reported in accordance with OMB Circular A-133,
Section 510(a)? Yes x No

Identification of major programs:
U.S. Department of Housing and Urban Development
CFDA #14.850 - Low Rent Public Housing Program

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

Is the auditee qualified as low-risk auditee? x Yes No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
 FOR YEAR ENDED DECEMBER 31, 2011

	<u>OK56P09550107</u>	<u>OK56P09550108</u>	<u>OK56S09550109</u>
Funds Approved	\$ 625,534	\$ 676,713	\$ 856,585
Funds Expended	<u>\$ 625,534</u>	<u>\$ 676,713</u>	<u>\$ 856,585</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced (HUD Grants)	\$ 625,534	\$ 676,713	\$ 856,585
Funds Expended	<u>\$ 625,534</u>	<u>\$ 676,713</u>	<u>\$ 856,585</u>
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1. The distribution of costs by project as shown on the Final Statement of Modernization Cost dated November 10, 2011, November 10, 2011 and June 17, 2011, respectively, accompanying the Actual Modernization Cost Certificates submitted to HUD for approval is in agreement with the Authority's records.
2. All Modernization costs have been paid and all related liabilities have been discharged through payment.

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

Independent Accountant's Report on Applying Agreed-Upon Procedure

We have performed the procedure described in the second paragraph, which was agreed to by the Housing Authority of the City of Shawnee (the "Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged to perform an audit in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, for the Authority as of and for the year ended December 31, 2011, and have issued our reports thereon dated July 19, 2012. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's Financial Data Schedule (FDS) dated July 19, 2012, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by OMB Circular A-133, which includes the auditor's reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

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

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Balance Sheet, Revenue and Expense	Financial Data Schedule, all CFDA's	X	
2	Footnotes	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS	auditor's supplemental Report on FDS	X	
4	Audit findings narrative	Schedule of Findings and Questioned Costs	X	
5	General Information	OMB Data Collection Form	X	
6	Financial Statement	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
7	Federal program report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
8	Federal agencies required to receive reporting package	OMB Data Collection Form	X	
9	Basic financial Statements and auditor's reports require to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	


 Henderson & Hill, LLC
 July 19, 2012

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
FINANCIAL DATA SCHEDULE -- BALANCE SHEET
DECEMBER 31, 2011

	Project Total	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services	14,169 Housing Counseling Assistance Program	14,183 Home Equity Conversion Mortgages	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$ 587,779	\$ 139,631	\$ -	\$ -	\$ -	\$ 116,875	\$ 844,285	\$ -	\$ 844,285
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted									
114 Cash - Tenant Security Deposits	27,897						27,897		27,897
115 Cash - Restricted for Payment of Current Liabilities	38,330	59,447					97,827		97,827
100 Total Cash	654,006	199,078				116,875	870,009		870,009
121 Accounts Receivable - PHA Projects									
122 Accounts Receivable - HUD Other Projects	346,696		7,939				354,635		354,635
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous						19,783	19,783		19,783
128 Accounts Receivable - Tenants	7,547						7,547		7,547
128.1 Allowance for Doubtful Accounts - Tenants	(2,487)						(2,487)		(2,487)
128.2 Allowance for Doubtful Accounts - Other									
127 Notes, Loans, & Mortgages Receivable - Current									
128 Fraud Recovery	12,642	20,481					33,123		33,123
128.1 Allowance for Doubtful Accounts - Fraud	(4,146)	(7,183)					(11,329)		(11,329)
129 Accrued Interest Receivable	3,801	3,639				600	8,230		8,230
120 Total Receivables, Net of Allowances for Doubtful Accounts	364,173	16,917	7,939			20,473	409,502		409,502
131 Investments - Unrestricted	951,747	77,393				242,984	1,272,004		1,272,004
132 Investments - Restricted	100,914	350,438					451,352		451,352
135 Investments - Restricted for Payment of Current Liability	62,414						62,414		62,414
142 Prepaid Expenses and Other Assets	81,938	2,941				4,193	89,072		89,072
143 Inventories	37,900						37,900		37,900
143.1 Allowance for Obsolete Inventories	(1,875)						(1,875)		(1,875)
144 Inter Program Due From						13,813	13,813	(13,813)	
145 Assets Held for Sale									
150 Total Current Assets	2,250,467	646,767	7,939			389,218	3,303,391	(13,813)	3,289,578
161 Land	322,140						322,140		322,140
162 Buildings	18,416,046					22,913	345,053		345,053
163 Furniture, Equipment & Machinery - Dwellings						896,728	19,302,777		19,302,777
164 Furniture, Equipment & Machinery - Administration									
165 Leasehold Improvements	442,387	21,723				215,976	680,086		680,086
166 Accumulated Depreciation	(13,914,937)	(9,321)				(446,297)	(14,370,545)		(14,370,545)
167 Construction in Progress	374,171						374,171		374,171
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	5,639,790	12,402				679,332	6,331,524		6,331,524
171 Notes, Loans and Mortgages Receivable - Non-Current									
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due									
173 Grants Receivable - Non-Current									
174 Other Assets									
175 Investments in Joint Ventures									
180 Total Non-Current Assets	5,639,790	12,402				679,332	6,331,524		6,331,524

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
 FINANCIAL DATA SCHEDULE – BALANCE SHEET
 DECEMBER 31, 2011

190 Total Assets	7,890,257	659,169	7,839	-	1,077,550	9,634,915	(13,813)	9,621,102
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	27,241	652			1,824	28,717		29,717
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable					19,538	19,538		19,538
322 Accrued Compensated Absences - Current Portion	38,061	1,137			67,737	106,935		106,935
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PWA Programs								
332 Account Payable - PWA Projects								
333 Accounts Payable - Other Government	45,973					45,973		45,973
341 Tenant Security Deposits	90,311					90,311		90,311
342 Deferred Revenues	11,689					11,689		11,689
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds								
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities	43,383	59,447			649	102,830		102,830
346 Accrued Liabilities - Other	353,050					353,699		353,699
347 Inter Program - Due To	5,874		7,839			13,813	(13,813)	
348 Loan Liability - Current								
310 Total Current Liabilities	615,562	61,236	7,839		89,748	774,485	(13,813)	760,672
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current								
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities								
300 Total Liabilities	615,562	61,236	7,839		89,748	774,485	(13,813)	760,672
508.1 Invested in Capital Assets, Net of Related Debt	5,639,790	12,402			679,332	6,331,524		6,331,524
509.2 Fund Balance Reserved								
511.1 Restricted Net Assets	100,974	350,438				451,352		451,352
512.1 Unrestricted Net Assets	1,533,991	235,093			308,470	2,077,554		2,077,554
512.2 Unreserved, Undesignated Fund Balance								
513 Total Equity/Net Assets	7,274,695	587,933			987,802	8,860,430		8,860,430
600 Total Liabilities and Equity/Net Assets	\$ 7,890,257	\$ 659,169	\$ 7,839	\$ -	\$ 1,077,550	\$ 9,634,915	\$ (13,813)	\$ 9,621,102

**HOUSING AUTHORITY OF THE CITY OF SHAWNEE
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
FOR YEAR ENDED DECEMBER 31, 2011**

	Project Total	14,871 Housing Choice Vouchers	14,870 Resident Opportunity and Supportive Services	14,169 Housing Counseling Assistance Program	14,163 Home Equity Conversion Mortgages	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$ 628,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 628,069	\$ -	\$ 628,069
70400 Tenant Revenue - Other	86,600	-	-	-	-	-	86,600	-	86,600
70500 Total Tenant Revenue	714,669	-	-	-	-	-	714,669	-	714,669
70600 HUD FTA Operating Grants	1,459,981	2,733,842	93,719	43,849	10,010	-	4,341,401	-	4,341,401
70610 Capital Grants	409,981	-	-	-	-	-	409,981	-	409,981
70710 Management Fee	-	-	-	-	-	395,805	395,805	(395,805)	-
70720 Asset Management Fee	-	-	-	-	-	53,040	53,040	(53,040)	-
70730 Book Keeping Fee	-	-	-	-	-	83,003	83,003	(83,003)	-
70740 Front Line Service Fee	-	-	-	-	-	33,029	33,029	(33,029)	-
70750 Other Fees	-	-	-	-	-	177,929	177,929	(177,929)	-
70700 Total Fee Revenue	-	-	-	-	-	712,806	712,806	(550,477)	162,329
70800 Other Government Grants	-	-	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	12,877	3,094	-	-	-	4,988	20,459	-	20,459
71200 Mortgage Interest Income	-	-	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-	-	-
71400 Fraud Recovery	-	11,840	-	-	-	-	11,840	-	11,840
71500 Other Revenue	180,742	27,037	-	-	-	35,283	243,062	-	243,062
71600 Gain or Loss on Sale of Capital Assets	5,093	-	-	-	-	1,381	6,474	-	6,474
72000 Investment Income - Restricted	2,782,848	2,778,212	93,719	43,849	10,010	754,856	6,463,296	(560,477)	5,912,819
81100 Administrative Salaries	224,818	72,863	-	29,735	7,761	459,946	795,123	-	795,123
81200 Auditing Fees	7,524	3,686	-	-	-	1,980	13,200	-	13,200
81300 Management Fee	295,233	70,572	-	-	-	365,905	365,905	(365,905)	-
81310 Book-keeping Fee	38,895	44,108	-	-	-	83,003	83,003	(83,003)	-
81400 Advertising and Marketing	1,425	-	-	-	-	1,025	2,450	-	2,450
81500 Employee Benefit contributions - Administrative	79,196	26,653	-	14,114	2,249	130,854	263,066	-	263,066
81600 Office Expenses	40,231	24,752	-	-	-	37,955	102,838	(15,900)	87,238
81700 Legal Expense	2,688	525	-	-	-	3,213	3,213	-	3,213
81800 Travel	1,761	2,317	-	-	-	10,748	14,827	-	14,827
81810 Allocated Overhead	-	-	-	-	-	-	-	-	-
81900 Other	117,681	20,519	-	-	-	9,531	147,731	(33,029)	114,702
81000 Total Operating - Administrative	809,452	266,005	-	43,849	10,010	651,940	1,781,256	(497,437)	1,283,819
92000 Asset Management Fee	53,040	-	-	-	-	-	53,040	(53,040)	-
92100 Tenant Services - Salaries	32,966	28,460	68,316	-	-	-	129,742	-	129,742
92200 Relocation Costs	-	5,678	-	-	-	-	5,678	-	5,678
92300 Employee Benefit Contributions - Tenant Services	11,016	25,403	-	-	-	-	36,421	-	36,421
92400 Tenant Services - Other	3,012	34,138	93,719	-	-	-	3,012	-	3,012
92500 Total Tenant Services	46,998	84,138	93,719	-	-	-	174,855	-	174,855
93100 Water	46,446	-	-	-	-	388	46,834	-	46,834
93200 Electricity	91,387	-	-	-	-	8,813	100,200	-	100,200
93300 Gas	40,245	-	-	-	-	2,894	43,139	-	43,139

