

**HOUSING AUTHORITY OF THE CITY OF SHAWNEE
SHAWNEE, OKLAHOMA**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2020

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Shawnee
Shawnee, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Shawnee (Authority), Oklahoma, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages i-vii 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority’s basic financial statements. The supplemental information, as described in the table of contents and the Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information, as described in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information, as described in the table of contents, is 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*, I have also issued my report dated September 2, 2021, on my consideration of the Authority’s internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

September 2, 2021

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
December 31, 2020

Introduction

This Management's Discussion and Analysis (MD&A) of the Shawnee Housing Authority (Authority) provides an introduction and overview to the financial statements of the Shawnee Housing Authority for the fiscal year ended December 31, 2020. The Shawnee Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2020, 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 Shawnee Housing Authority. The information contained herein in this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has six individual programs. They include the Low Rent program, a Centralized Office Cost Center (COCC), the Capital Fund Program (CFP), the Housing Choice Voucher program (HCV), the Resident Opportunity and Supportive Services Program (ROSS), and the CARES Act Program.

- The Low Rent Program consists of 440 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 Low Rent Program is separated into 2 projects (AMPs).
- The COCC operates as a business activity program of the Authority. Revenue is generated through management, bookkeeping, and asset management fees paid by the other programs and other entities.
- 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 Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- The Housing Choice Vouchers 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 497 units available. Funds are provided by HUD to provide 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.
- The Resident Opportunity and Supportive Services Program is a competitive grant provided by HUD, used by the Authority to provide social services to such as economic independence support.
- The CARES Act provides funding to prevent, prepare for, and respond to coronavirus.

Overview of the Financial Statements

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

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

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2020

Overview of the Financial Statements – (Continued)

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:

- 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 December 31, 2020, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2020.

Financial Highlights

The Authority's net position increased from \$6,970,014 to \$7,081,648, an increase of \$111,634. Total assets increased by \$163,336.

Total revenue increased from \$6,509,074 to \$6,792,523, an increase of \$283,449 or 4%.

Total expenses increased by \$83,777, from \$6,597,112 to \$6,680,889 for the current year.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2020

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 as of December 31, 2020, and December 31, 2019.

**Summary Statement of Net Position
As of December 31, 2020 and 2019**

| <u>Category</u> | <u>FYE 2020</u> | <u>FYE 2019</u> | <u>Change \$</u> | <u>Change %</u> |
|----------------------------------|-----------------|-----------------|------------------|-----------------|
| Current Assets | \$ 3,038,711 | \$ 2,449,881 | \$ 588,830 | 24% |
| Noncurrent Assets | \$ 4,523,678 | \$ 4,949,172 | \$ (425,494) | -9% |
| Total Assets | \$ 7,562,389 | \$ 7,399,053 | \$ 163,336 | 2% |
| | | | | |
| Current Liabilities | \$ 364,184 | \$ 336,726 | \$ 27,458 | 8% |
| Noncurrent Liabilities | \$ 116,557 | \$ 92,313 | \$ 24,244 | 26% |
| Total Liabilities | \$ 480,741 | \$ 429,039 | \$ 51,702 | 12% |
| | | | | |
| Unrestricted | \$ 2,528,729 | \$ 1,962,394 | \$ 566,335 | 29% |
| Restricted | \$ 29,241 | \$ 58,448 | \$ (29,207) | -50% |
| Net Investment in Capital Assets | \$ 4,523,678 | \$ 4,949,172 | \$ (425,494) | -9% |
| Total Net Position | \$ 7,081,648 | \$ 6,970,014 | \$ 111,634 | 2% |

Current Assets

The Authority's current asset balance increased by \$588,830. This was primarily due to an increase in unrestricted cash and investment balances in the amount of \$601,845. This increase was due to operating revenues exceeding operating expenditures.

Noncurrent Assets

The Authority's noncurrent asset balance decreased by \$425,494 primarily due to the recording of depreciation. Please note the capital asset portion presented in a later section.

Current Liabilities

Current liabilities increased by \$27,458. This was primarily due to an increase in unearned revenue in the amount of \$18,973. Unearned revenue increased due to higher tenant prepaid rent balances. Other increases include accrued compensated absences in the amount of \$6,636 and accrued liabilities – other in the amount of \$8,025.

Noncurrent Liabilities

Noncurrent liabilities increased by \$24,244. This is due to an increase in accrued compensated absences – non-current in the amount of \$12,823 and FSS liabilities in the amount of \$11,421.

Net Position

The net position of the Authority increased by \$111,634 when compared to the previous fiscal year.

The Authority's unrestricted component of net position changed from \$1,962,394 to \$2,528,729, an increase of \$566,335 or 29% for the current year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2020

Housing Authority Activities & Highlights – (Continued)

Net Position – (Continued)

Unrestricted component of net position balance per program is as follows:

| | |
|--------------------------------|---------------------|
| Low Rent Housing Program | |
| AMP 1 | \$ 1,081,779 |
| AMP 2 | \$ 517,384 |
| Central Office Cost Center | \$ 665,111 |
| Housing Choice Voucher Program | <u>\$ 264,455</u> |
| Total Unrestricted | <u>\$ 2,528,729</u> |

The Authority's restricted component of net position changed from \$58,448 to \$29,241. This was due to HAP related expenditures of \$2,826,701 exceeding HAP revenues of \$2,797,494.

Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended December 31, 2020 and 2019

| <u>Category</u> | <u>FYE 2020</u> | <u>FYE 2019</u> | <u>Change \$</u> | <u>Change %</u> |
|-------------------------------------|-----------------|-----------------|------------------|-----------------|
| Tenant Revenue | \$ 826,641 | \$ 880,793 | \$ (54,152) | -6% |
| HUD Operating Grants | \$ 5,499,213 | \$ 5,155,444 | \$ 343,769 | 7% |
| Capital Grants | \$ 42,230 | \$ 70,040 | \$ (27,810) | -40% |
| Interest Income | \$ 13,635 | \$ 14,705 | \$ (1,070) | -7% |
| Other Revenue | \$ 410,804 | \$ 388,092 | \$ 22,712 | 6% |
| Total Revenue | \$ 6,792,523 | \$ 6,509,074 | \$ 283,449 | 4% |
| Administration | \$ 1,420,920 | \$ 1,364,230 | \$ 56,690 | 4% |
| Tenant Service | \$ 144,373 | \$ 139,477 | \$ 4,896 | 4% |
| Utilities | \$ 236,218 | \$ 225,062 | \$ 11,156 | 5% |
| Ordinary Maintenance | \$ 1,031,991 | \$ 959,411 | \$ 72,580 | 8% |
| General Expense | \$ 521,200 | \$ 505,841 | \$ 15,359 | 3% |
| Extraordinary Maint/Casualty Losses | \$ 7,000 | \$ 82,823 | \$ (75,823) | -92% |
| Housing Assistance Payments | \$ 2,826,051 | \$ 2,819,713 | \$ 6,338 | 0% |
| Depreciation | \$ 493,136 | \$ 500,555 | \$ (7,419) | -1% |
| Total Expenses | \$ 6,680,889 | \$ 6,597,112 | \$ 83,777 | 1% |
| Increase (Decrease) in Net Position | \$ 111,634 | \$ (88,038) | \$ 199,672 | -227% |
| Net Position, Beginning of Year | \$ 6,970,014 | \$ 7,058,052 | \$ (88,038) | -1% |
| Net Position, End of Year | \$ 7,081,648 | \$ 6,970,014 | \$ 111,634 | 2% |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2020

Housing Authority Activities & Highlights – (Continued)

Results of Operations

Revenues of the Authority are generated principally Federal and State funding grant income. The Authority's revenue increased by \$283,449 compared to the previous fiscal year. Notable changes as compared to the previous year include:

- Tenant revenue decreased by \$54,152. This was primarily due to a decrease in the average rent per unit. The average rent per unit decreased from \$165 in the prior year to \$153 in the current year. The unit months leased also decreased from 5,182 to 5,152.
- HUD operating grants increased by \$343,769. This was primarily due to the Authority receiving CARES Act funding in the amount of \$369,422.
- Capital grant revenues decreased by \$27,810 due to a decrease in activity associated with capital improvement projects funded by the Capital Fund Program.
- Other revenue increased by \$22,712 due primarily due to an increase in miscellaneous revenue in the amount of \$14,168 and other fees in the amount of \$9,243.

Total expenses increased by \$83,777. Significant variances include the following:

- Administration increased by \$56,690 primarily due to an increase in administrative salaries in the amount of \$58,467. Other increases include office expenses in the amount of \$2,940 and admin. sundry in the amount of \$11,558.
- Utilities increased by \$11,156. This was primarily due to an increase in water and sewer expenses in the amount of \$28,489. In contrast, electric expenses decreased by \$8,173 and gas expenses decreased by \$9,160.
- Ordinary maintenance increased by \$72,580. This was primarily due to an increase in maintenance salaries and benefits in the amount of \$79,674. Other increases include heating and cooling costs in the amount of \$21,481 and electrical costs in the amount of \$8,553. In contrast, maintenance materials decreased by \$17,955 and miscellaneous contract costs decreased by \$18,463.
- Other general expenses increased by \$15,359. This was primarily due to an increase in compensated absences in the amount of \$21,342 and bad debt in the amount of \$9,599. However, protective services decreased by \$4,915, worker's compensation insurance decreased by \$5,689, and payments in lieu of taxes decreased by \$7,403.

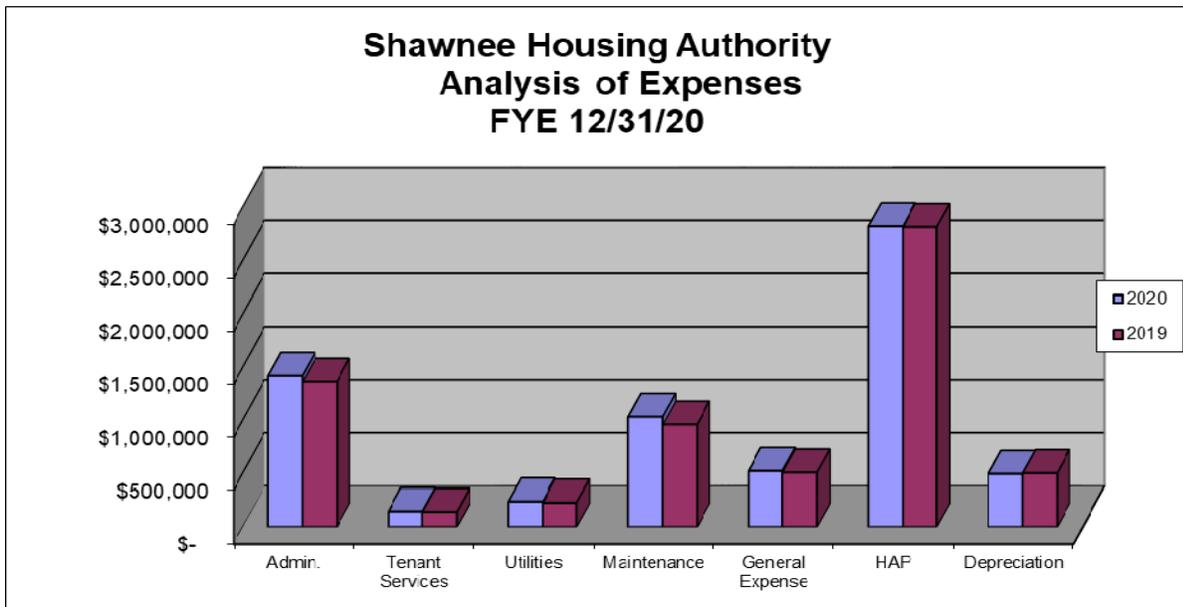
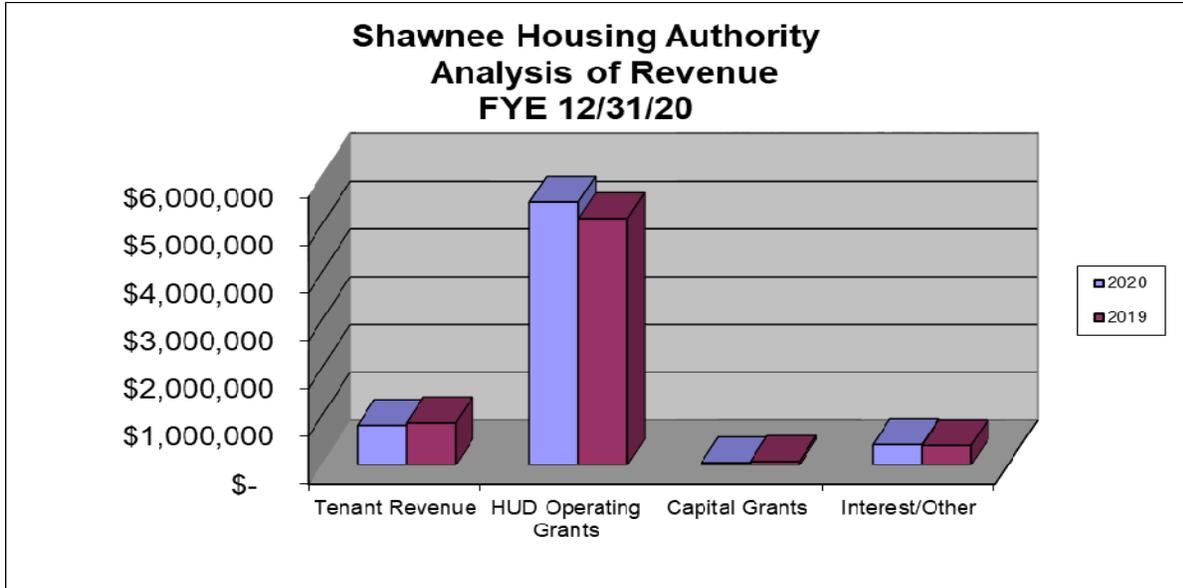
HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2020

Housing Authority Activities & Highlights – (Continued)

Results of Operations – (Continued)

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



HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2020

Housing Authority Activities & Highlights – (Continued)

Noncurrent Assets

As of December 31, 2020, the Authority's net investment in capital assets was \$4,523,678. This investment includes building improvements and equipment, net of accumulated depreciation.

| <u>Category</u> | <u>FYE 2020</u> | <u>FYE 2019</u> | <u>Change \$</u> | <u>Change %</u> |
|-------------------------------|---------------------|---------------------|---------------------|-----------------|
| Land | \$ 345,053 | \$ 345,053 | \$ - | 0% |
| Buildings | \$ 22,691,304 | \$ 22,678,519 | \$ 12,785 | 0% |
| Equipment | \$ 478,534 | \$ 489,742 | \$ (11,208) | -2% |
| Construction in Progress | \$ 47,685 | \$ 5,455 | \$ 42,230 | 774% |
| Accumulated Depreciation | \$ (19,038,898) | \$ (18,569,597) | \$ (469,301) | 3% |
| | | | | |
| Total Net Fixed Assets | \$ 4,523,678 | \$ 4,949,172 | \$ (425,494) | -9% |

Buildings increased by \$12,785 due to a HVAC and boiler replacement funded by the Low Rent Program.

Construction in progress consists of A&E fees for a weatherization project, siding replacement project, and HVAC replacement project funded by the 2018 and 2019 CFP.

Subsequent Event

As of the time of this analysis, HUD has not finalized the funding levels for the 2021 calendar year. The operating subsidy for the Low Rent Housing Program is estimated to be funded at 95.23%.

The amount of funding for the 2021 calendar year for the Housing Choice Voucher Program will include an estimated proration of administrative fees at 80% and HAP funding at 100%. HUD has obligated \$2,971,277 in HAP funding for the 2021 calendar year.

On March 27th, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. This act provided additional funding to the Authority. The Low Rent Program received an additional \$241,018 in operating subsidy and the HCV Program received an additional \$60,056 in administrative fee funding. On July 31, 2020, HUD announced a second round of CARES funding for the HCV program in the amount of \$74,203 in administrative fee funding. These funds must be expended by December 31, 2021.

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:

Shawnee Housing Authority
Randy Thomason, Executive Director
PO Box 3427
Shawnee, OK 74801

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

STATEMENT OF NET POSITION
December 31, 2020

| ASSETS | |
|---|----------------------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 962,711 |
| Cash - restricted | 246,013 |
| Investments | 1,554,131 |
| Receivables - net of allowances | 67,593 |
| Inventory - net of allowances | 39,698 |
| Prepaid expenses | <u>168,565</u> |
| Total Current Assets | <u>3,038,711</u> |
| Non-current Assets: | |
| Capital assets: | |
| Land and construction in progress | 392,738 |
| Other capital assets, net of depreciation | <u>4,130,940</u> |
| Total capital assets - net | <u>4,523,678</u> |
| Total Non-current Assets | <u>4,523,678</u> |
| Total Assets | \$ <u><u>7,562,389</u></u> |

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

STATEMENT OF NET POSITION - (Continued)
December 31, 2020

LIABILITIES

Current Liabilities:

| | | |
|-----------------------------------|----|---------------|
| Accounts payable | \$ | 164,898 |
| Accrued salaries and benefits | | 11,610 |
| Tenant security deposit liability | | 93,998 |
| Accrued compensated absences | | 62,629 |
| Unearned revenues | | <u>31,049</u> |

Total Current Liabilities 364,184

Non-current Liabilities:

| | | |
|---------------------------------|--|---------------|
| Compensated absences | | 47,421 |
| Non-current liabilities - Other | | <u>69,136</u> |

Total Non-current Liabilities 116,557

Total Liabilities 480,741

NET POSITION

| | | |
|----------------------------------|--|------------------|
| Net investment in capital assets | | 4,523,678 |
| Restricted | | 29,241 |
| Unrestricted | | <u>2,528,729</u> |

Total Net Position 7,081,648

Total Liabilities and Net Position \$ 7,562,389

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2020

OPERATING REVENUES

| | |
|---------------------------------|------------------|
| Tenant revenue | \$ 826,641 |
| Governmental grants and subsidy | 5,499,213 |
| Miscellaneous | <u>410,804</u> |
| Total operating revenue | <u>6,736,658</u> |

OPERATING EXPENSES

| | |
|-------------------------------------|------------------|
| Administrative | 1,420,920 |
| Tenant services | 144,373 |
| Utilities | 236,218 |
| Ordinary maintenance and operations | 1,031,991 |
| Protective services | 57,425 |
| Insurance | 189,814 |
| General | 273,961 |
| Non routine maintenance | 7,000 |
| Housing assistance payment | 2,826,051 |
| Depreciation expense | <u>493,136</u> |
| Total operating expenses | <u>6,680,889</u> |

Operating income (loss) 55,769

NON-OPERATING REVENUES (EXPENSES)

| | |
|---------------------------------------|---------------|
| Investment income | <u>13,635</u> |
| Net non-operating revenues (expenses) | <u>13,635</u> |

Income (loss) before contributions and transfers 69,404

Capital contributions 42,230

Change in net position 111,634

Total net position - beginning of year 6,970,014

Total net position - end of year \$ 7,081,648

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Received from tenants | \$ 784,720 |
| Received from governmental grants and subsidy | 5,530,424 |
| Received from other operating activities | 1,026,051 |
| Payments for goods and services | (1,890,877) |
| Payments to employees | (1,973,400) |
| Payment in lieu of taxes | (63,758) |
| Payment for housing assistance | <u>(2,826,051)</u> |

Net cash provided by (used in) operating activities 587,109

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|---------------|
| Proceeds from capital contributions | 42,230 |
| Purchases of capital assets | (67,642) |
| Receipts (payments) from deferred credits and escrow deposits | <u>11,421</u> |

Net cash provided by (used in) capital and related financing activities (13,991)

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|---------------|
| Proceeds (payments) from sale (purchase) of investments | (15,388) |
| Receipts of interest and dividends | <u>15,387</u> |

Net cash provided by (used in) investing activities (1)

| | |
|--|----------------|
| Net increase (decrease) in cash and cash equivalents | 573,117 |
| Cash and cash equivalents at beginning of year | <u>635,607</u> |

| | |
|--|----------------------------|
| Cash and cash equivalents at end of year | <u><u>\$ 1,208,724</u></u> |
|--|----------------------------|

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended December 31, 2020

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

| | | |
|---|----|-----------------------|
| Operating income (loss) | \$ | 55,769 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | | 493,136 |
| Change in assets and liabilities: | | |
| Receivables, net | | 8,442 |
| Inventories, net | | (3,317) |
| Prepaid expenses | | (7,202) |
| Accounts and other payables | | (7,262) |
| Tenant security deposit | | (203) |
| Unearned revenues | | 18,973 |
| Compensated absences | | 19,459 |
| Accrued expenses | | <u>9,314</u> |
| Net cash provided by (used) by operating activities | \$ | <u><u>587,109</u></u> |

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Shawnee (Authority) is a public body and a body corporate and politic organized under the laws of the State of Oklahoma that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority was established to provide Low-Rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to federal or state income taxes and is not required to file federal or state income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. 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 its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation - (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing – The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund – The purpose of this program is to provide funds annually to Housing Authorities for the modernization of the housing development and for management improvements.

Section 8 Housing Choice Vouchers – The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

Family Self-Sufficiency Program – To promote the development of local strategies to coordinate the use of assistance under the Housing Choice Voucher and Public Housing programs with public and private resources to enable participating families to increase earned income and financial literacy, reduce or eliminate the need for welfare assistance, and make progress toward economic independence and self-sufficiency.

Central Office Cost Center (COCC) – Under the Asset Management rule, the purpose of this program is to provide day-to-day operation of other programs of the Housing Authority in lieu of property management, asset management, bookkeeping, program management and fee for service fee.

Public Housing and HCV CARES Act - The CARES Act provides funding to prevent, prepare for, and respond to COVID-19, and to maintain normal operations and take other necessary actions during the period the program is impacted by the pandemic.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

1E. Estimates and assumptions

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

1F. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of PHA projects, HUD, tenants, fraud recovery, miscellaneous and accrued interest.

Inventories

Inventories are accounted for under the consumption method and recorded at lower of cost or market. Inventories consist primarily of maintenance materials and supplies held for consumption. The cost of these supplies is regarded as an expenditure at the time the items are consumed. Inventories are classified as current assets on the Statement of Net Position, net of an allowance for obsolete inventory.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$2,500 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities and Equity – (Continued)

Fixed Assets – (Continued)

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|---|-------------|
| Building | 15-40 years |
| Furniture, equipment and machinery - administrative | 3-10 years |

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to the security deposit fund, resident council fund, HAP fund, CARES fund and FSS escrow accounts under the Public and Indian Housing, Section 8 Housing Choice Vouchers and HCV-CARES program.

Compensated Absences

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term and short-term liabilities based on historical trends. Amounts not expected to be paid within the next fiscal year are classified as long-term liabilities.

Equity Classifications

Equity is classified as net position and displayed in three components:

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted are available, the Authority's policy is to apply restricted assets to fund restricted costs and then unrestricted as they are needed.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Changes in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

| <u>Program</u> | <u>Required By</u> |
|-----------------------------------|--|
| Public and Indian Housing | U.S. Department of Housing and Urban Development |
| Public Housing Capital Fund | U.S. Department of Housing and Urban Development |
| Section 8 Housing Choice Vouchers | U.S. Department of Housing and Urban Development |
| Family Self-Sufficiency | U.S. Department of Housing and Urban Development |
| Central Office Cost Center-COCC | U.S. Department of Housing and Urban Development |
| Public Housing CARES Act | U.S. Department of Housing and Urban Development |
| HCV CARES Act | U.S. Department of Housing and Urban Development |

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The Authority must maintain a written collateral agreement from all financial institutions pledging collateral to the Authority. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (Continued)

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

| <u>Revenue Source</u> | <u>Legal Restrictions of Use</u> |
|-----------------------------------|----------------------------------|
| Public Housing Capital Fund | Modernization |
| Family Self-Sufficiency | Resident supportive services |
| Section 8 Housing Choice Vouchers | Housing assistance payments |
| Public Housing and HCV CARES Act | COVID related expenses |

For the year ended December 31, 2020, the Authority complied, in all material respects, with these revenue restrictions.

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash and Investments

As of December 31, 2020, the Authority had the following cash deposits and investments:

| | |
|-------------------------|----------------------------|
| Cash deposits | \$ 1,207,624 |
| Certificate of deposits | 1,554,131 |
| Petty cash | <u>1,100</u> |
| Total | \$ <u>2,762,855</u> |

Following is a reconciliation of the Authority's deposit balances as of December 31, 2020:

| | |
|----------------------------|----------------------------|
| Cash - unrestricted | \$ 962,711 |
| Cash - restricted | 246,013 |
| Investments – unrestricted | <u>1,554,131</u> |
| Total | \$ <u>2,762,855</u> |

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. At December 31, 2020, the Authority's bank balances of \$1,228,646 were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3A. Cash and Investments – (Continued)

Investments

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2020, the Authority's investment balance of \$1,554,131 was entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank in the Authority's name.

Interest Rate Risk

The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposits, credit risk is not applicable to the Housing Authority.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2020, the concentration of the Authority's investment (excluding cash deposits) was as follows:

| <u>Type of Investment</u> | <u>Market Value</u> | <u>Maturity Date</u> |
|---------------------------|---------------------|----------------------|
| Certificate of Deposit | \$ 66,504 | 12/31/2021 |
| Certificate of Deposit | 106,309 | 6/22/2021 |
| Certificate of Deposit | 271,393 | 9/28/2021 |
| Certificate of Deposit | 283,516 | 6/19/2021 |
| Certificate of Deposit | 28,703 | 12/31/2021 |
| Certificate of Deposit | 106,309 | 6/22/2021 |
| Certificate of Deposit | 154,645 | 6/19/2021 |
| Certificate of Deposit | 174,355 | 3/28/2021 |
| Certificate of Deposit | 118,127 | 6/22/2021 |
| Certificate of Deposit | 103,097 | 6/19/2021 |
| Certificate of Deposit | 141,173 | 4/8/2021 |
| Total | \$ <u>1,554,131</u> | |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS – (Continued)

3B. Restricted Assets

Restricted assets at December 31, 2020 consist of the following:

| <u>Type of Restricted Assets</u> | <u>Cash</u> | <u>Investments</u> | <u>Total</u> |
|--|-----------------------|--------------------|-----------------------|
| Security deposit | \$ 93,998 | \$ --- | \$ 93,998 |
| HAP fund set aside | 29,241 | --- | 29,241 |
| Payment of non-current liability – FSS | 69,136 | --- | 69,136 |
| Payment of non-current liability – HCV CARES | 5,855 | --- | 5,855 |
| Payment of current liability – FSS / Other | <u>47,783</u> | <u>---</u> | <u>47,783</u> |
| Total | <u>\$ 246,013</u> | <u>\$ ---</u> | <u>\$ 246,013</u> |

3C. Inventory

Inventory at December 31, 2020 comprised of the following:

| | |
|--|----------------------|
| Inventory | \$ 44,109 |
| Less: Allowance for obsolete inventory | <u>(4,411)</u> |
| Inventory - net of allowance | <u>\$ 39,698</u> |

3D. Receivables

Receivables at December 31, 2020, consist of the following:

| | | |
|--|-----------------|----------------------|
| Tenants | \$ 46,437 | |
| Less: Allowance for doubtful account - tenants | <u>(23,219)</u> | \$ 23,218 |
| Fraud recovery | 5,644 | |
| Less: Allowance for doubtful account - fraud | <u>(3,669)</u> | 1,975 |
| HUD | | 9,797 |
| PHA projects | | * 29,356 |
| Miscellaneous | | 50 |
| Accrued interest | | <u>3,197</u> |
| Total Accounts Receivable – net of allowance | | <u>\$ 67,593</u> |

* PHA projects consisted of receivable from other Housing Authorities for management fees.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3E. Capital Assets

A summary of capital asset activity for the year ended December 31, 2020 is as follows:

| | Balance January 1, 2020 | Additions | (Retirement) | Reclass/ Transfers in (out) | Balance December 31, 2020 |
|--------------------------------------|--|---------------------|---------------------|--|--|
| Non-depreciable assets: | | | | | |
| Land | \$ 345,053 | \$ - | \$ - | \$ - | \$ 345,053 |
| Construction in progress | 5,455 | 42,230 | - | - | 47,685 |
| Total non-depreciable assets | <u>350,508</u> | <u>42,230</u> | <u>-</u> | <u>-</u> | <u>392,738</u> |
| Depreciable assets: | | | | | |
| Building | 22,678,519 | 12,785 | - | - | 22,691,304 |
| Equipment - administration | 489,742 | 12,627 | (23,835) | - | 478,534 |
| Total depreciable assets | 23,168,261 | 25,412 | (23,835) | - | 23,169,838 |
| Accumulated depreciation | <u>(18,569,597)</u> | <u>(493,136)</u> | <u>635</u> | <u>23,200</u> | <u>(19,038,898)</u> |
| Total depreciable assets, net | <u>4,598,664</u> | <u>(467,724)</u> | <u>(23,200)</u> | <u>23,200</u> | <u>4,130,940</u> |
| Capital assets, net | <u>\$ 4,949,172</u> | <u>\$ (425,494)</u> | <u>\$ (23,200)</u> | <u>\$ 23,200</u> | <u>\$ 4,523,678</u> |

Depreciation expense is charged to programs as follows:

| | <u>Business-type Activities</u> |
|-----------------------------------|---------------------------------|
| Low Rent - AMP 10 | \$ 179,992 |
| Low Rent - AMP 20 | 289,813 |
| Housing Choice Vouchers | 226 |
| COCC | <u>23,105</u> |
| Total depreciation expense | <u>\$ 493,136</u> |

3F. Accounts Payable

Accounts payable at December 31, 2020, consist of the following:

| | |
|-------------------------------|-------------------|
| Vendors & contractors | \$ 38,031 |
| PILOT | 56,355 |
| Accrued utilities | 22,729 |
| FSS escrow / Other | <u>47,783</u> |
| Total Accounts Payable | <u>\$ 164,898</u> |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3G. Non-current Liabilities

Non-current liabilities at December 31, 2020, consist of the following:

| | |
|-------------------------------|-------------------|
| Accrued compensated absences | \$ 47,421 |
| FSS escrow | <u>69,136</u> |
| Total Non-Current Liabilities | <u>\$ 116,557</u> |

The following is the summary of changes in long-term liabilities:

| | <u>Balance January 1, 2020</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31, 2020</u> | <u>Amounts Due within One Year</u> |
|------------------------------|--|------------------|-------------------|--|--|
| Accrued compensated absences | \$ 34,598 | \$ 12,823 | \$ --- | \$ 47,421 | \$ 62,629 |
| FSS escrow | <u>57,715</u> | <u>11,421</u> | <u>---</u> | <u>69,136</u> | <u>36,383</u> |
| | <u>\$ 92,313</u> | <u>\$ 24,244</u> | <u>\$ ---</u> | <u>\$ 116,557</u> | <u>\$ 99,012</u> |

3H. Inter-program Transactions and Balances

Operating Transfers

Transfers are used to move revenues from one program to the other program in accordance with the budgetary authorizations.

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------------------|-----------------------------|--------------------------|
| Public and Indian Housing – AMP 10 | \$ 138,291 | \$ -- |
| Public and Indian Housing- AMP 20 | 94,435 | -- |
| Public Housing Capital Fund – AMP 10 | -- | (138,291) |
| Public Housing Capital Fund – AMP 20 | <u> </u> | <u>(94,435)</u> |
| | <u>\$ 232,726</u> | <u>\$ (232,726)</u> |

Inter-program Receivable/Payable

Inter-program receivable/payable is eliminated for financial statement presentation. The following inter-program receivable/payable existed at December 31, 2020:

| | <u>Due From</u> | <u>Due To</u> |
|-------|-----------------------------|-------------------|
| COCC | \$ 9,797 | \$ - |
| FSS | <u> </u> | <u>(9,797)</u> |
| Total | <u>\$ 9,797</u> | <u>\$ (9,797)</u> |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

The Authority provides pension benefits for all of its full-time 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 plan requires the Authority to contribute 3% plus matching of employee contribution up to 5.5% of covered wages. Benefits are fully vested at the end of 5 years of service.

The employer contributions for the years ended December 31, 2020, 2019 and 2018 were \$115,646, \$107,044 and \$109,099 respectively.

4B. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense, extraordinary maintenance, casualty losses and Housing Assistance Payment (HAP) expense and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

4C. Commitments

At December 31, 2020, the Authority had the following pending projects in progress. The commitments related to these projects are summarized as follows:

| | Funds Approved | Funds Expended - Project to Date |
|-------------|---------------------------|---|
| CFP 501-17 | \$ 506,741 | \$ 464,497 |
| CFP 501-18 | 844,150 | 336,401 |
| CFP 501-19 | 879,859 | 339,651 |
| HCV – CARES | 134,259 | 128,404 |
| FSS 2020 | 136,979 | 136,979 |

4D. Contingencies

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES – (Continued)

4E. 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, Housing Authority of the Town of Prague and the Housing Authority of the City of Seminole. Through these activities the Authority earned income of approximately \$252,685 in FY 2020, which is included in other operating revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. 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. The Authority recognized \$20,096 of fees and \$12,000 rental income in connection with this agreement for FY 2020, which is also included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. These affiliations do not meet the criteria under GASB 14, as amended by GASB 39 and 61, for the inclusion in the reporting entity of the Authority, nor do they represent related parties.

4F. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

| <u>Type of Loss</u> | <u>Method Managed</u> |
|---|--|
| a. Torts, errors and omissions | Purchased insurance with Housing Authority Property Insurance, A Mutual Co. |
| b. Injuries to employees (workers' compensation) | Purchased insurance with CompSource Oklahoma. Claims are administered by the same company. |
| c. Physical property loss and natural disasters | Purchased commercial insurance with \$5,000 deductibles. |

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2020

NOTE 4 – OTHER NOTES - (Continued)

4G. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about 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.

In December 2020, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

Management evaluated the activity of the Authority through September 2, 2021 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

4H. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2021 federal budget.

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

| <u>Federal Grantor</u> | <u>Federal CFDA #</u> | <u>Total Federal Expenditures</u> |
|--|---------------------------|---------------------------------------|
| <u>U.S. Department of Housing and Urban Development</u> | | |
| Public and Indian Housing | 14.850 | \$ 1,565,965 |
| Public and Indian Housing - Cares Act | 14.850 | 241,018 |
| Public Housing Capital Fund | 14.872 | 362,941 |
| Housing Voucher Cluster: | | |
| Section 8 Housing Choice Vouchers | 14.871 | 3,106,136 |
| Section 8 Housing Choice Vouchers - Cares Act | 14.871 | 128,404 |
| Family Self-Sufficiency Program | 14.896 | <u>136,979</u> |
| Total Expenditures of Federal Awards | | \$ <u><u>5,541,443</u></u> |

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Shawnee (Authority) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

FINANCIAL DATA SCHEDULE
Year Ended December 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.896 PIH Family Self- Sufficiency Program | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|--|------------------|---|--|---|--|-------------|---------------|----------|---------------|
| 111 Cash - Unrestricted | \$397,411 | \$131,893 | | | | \$433,407 | \$962,711 | \$0 | \$962,711 |
| 113 Cash - Other Restricted | \$34,177 | \$64,200 | | | \$5,855 | \$0 | \$104,232 | \$0 | \$104,232 |
| 114 Cash - Tenant Security Deposits | \$93,998 | \$0 | | | | \$0 | \$93,998 | \$0 | \$93,998 |
| 115 Cash - Restricted for Payment of Current Liabilities | \$27,538 | \$20,245 | | | | \$0 | \$47,783 | \$0 | \$47,783 |
| 100 Total Cash | \$553,124 | \$216,338 | \$0 | \$0 | \$5,855 | \$433,407 | \$1,208,724 | \$0 | \$1,208,724 |
| 121 Accounts Receivable - PHA Projects | \$0 | \$0 | | | | \$29,356 | \$29,356 | \$0 | \$29,356 |
| 122 Accounts Receivable - HUD Other Projects | \$0 | \$0 | | \$9,797 | | \$0 | \$9,797 | \$0 | \$9,797 |
| 125 Accounts Receivable - Miscellaneous | \$0 | \$50 | | | | \$0 | \$50 | \$0 | \$50 |
| 126 Accounts Receivable - Tenants | \$46,437 | \$0 | | | | \$0 | \$46,437 | \$0 | \$46,437 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -\$23,219 | \$0 | | | | \$0 | -\$23,219 | \$0 | -\$23,219 |
| 128 Fraud Recovery | \$0 | \$5,644 | | | | \$0 | \$5,644 | \$0 | \$5,644 |
| 128.1 Allowance for Doubtful Accounts - Fraud | \$0 | -\$3,669 | | | | \$0 | -\$3,669 | \$0 | -\$3,669 |
| 129 Accrued Interest Receivable | \$2,133 | \$775 | | | | \$289 | \$3,197 | \$0 | \$3,197 |
| 120 Total Receivables, Net of Allowance for Doubtful Accts | \$25,351 | \$2,800 | \$0 | \$9,797 | \$0 | \$29,645 | \$67,593 | \$0 | \$67,593 |
| 131 Investments - Unrestricted | \$1,191,734 | \$141,173 | | | | \$221,224 | \$1,554,131 | \$0 | \$1,554,131 |
| 142 Prepaid Expenses and Other Assets | \$120,430 | \$6,319 | | | | \$41,816 | \$168,565 | \$0 | \$168,565 |
| 143 Inventories | \$44,109 | \$0 | | | | \$0 | \$44,109 | \$0 | \$44,109 |
| 143.1 Allowance for Obsolete Inventories | -\$4,411 | \$0 | | | | \$0 | -\$4,411 | \$0 | -\$4,411 |
| 144 Inter Program Due From | \$0 | \$0 | | | | \$9,797 | \$9,797 | -\$9,797 | \$0 |
| 150 Total Current Assets | \$1,930,337 | \$366,630 | \$0 | \$9,797 | \$5,855 | \$735,889 | \$3,048,508 | -\$9,797 | \$3,038,711 |
| 161 Land | \$322,140 | \$0 | | | | \$22,913 | \$345,053 | \$0 | \$345,053 |
| 162 Buildings | \$21,798,580 | \$0 | | | | \$892,724 | \$22,691,304 | \$0 | \$22,691,304 |
| 164 Furniture, Equipment & Machinery - Administration | \$343,237 | \$20,001 | | | | \$115,296 | \$478,534 | \$0 | \$478,534 |
| 166 Accumulated Depreciation | -\$18,449,127 | -\$19,323 | | | | -\$570,448 | -\$19,038,898 | \$0 | -\$19,038,898 |
| 167 Construction in Progress | \$47,685 | \$0 | | | | \$0 | \$47,685 | \$0 | \$47,685 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$4,062,515 | \$678 | \$0 | \$0 | \$0 | \$460,485 | \$4,523,678 | \$0 | \$4,523,678 |
| 180 Total Non-Current Assets | \$4,062,515 | \$678 | \$0 | \$0 | \$0 | \$460,485 | \$4,523,678 | \$0 | \$4,523,678 |
| 290 Total Assets and Deferred Outflow of Resources | \$5,992,852 | \$367,308 | \$0 | \$9,797 | \$5,855 | \$1,196,374 | \$7,572,186 | -\$9,797 | \$7,562,389 |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.896 PIH Family Self- Sufficiency Program | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|------------------|---|--|--|--|-------------|-------------|----------|-------------|
| 312 Accounts Payable <= 90 Days | \$29,056 | \$989 | | | | \$7,986 | \$38,031 | \$0 | \$38,031 |
| 321 Accrued Wage/Payroll Taxes Payable | \$0 | \$0 | | | | \$11,610 | \$11,610 | \$0 | \$11,610 |
| 322 Accrued Compensated Absences - Current Portion | \$30,113 | \$7,220 | | | | \$25,296 | \$62,629 | \$0 | \$62,629 |
| 333 Accounts Payable - Other Government | \$56,355 | \$0 | | | | \$0 | \$56,355 | \$0 | \$56,355 |
| 341 Tenant Security Deposits | \$93,998 | \$0 | | | | \$0 | \$93,998 | \$0 | \$93,998 |
| 342 Unearned Revenue | \$20,491 | \$4,703 | | | \$5,855 | \$0 | \$31,049 | \$0 | \$31,049 |
| 345 Other Current Liabilities | \$27,538 | \$20,245 | | | | \$0 | \$47,783 | \$0 | \$47,783 |
| 346 Accrued Liabilities - Other | \$22,117 | \$0 | | | | \$612 | \$22,729 | \$0 | \$22,729 |
| 347 Inter Program - Due To | \$0 | \$0 | | \$9,797 | | \$0 | \$9,797 | -\$9,797 | \$0 |
| 310 Total Current Liabilities | \$279,668 | \$33,157 | \$0 | \$9,797 | \$5,855 | \$45,504 | \$373,981 | -\$9,797 | \$364,184 |
| 353 Non-current Liabilities - Other | \$34,177 | \$34,959 | | | | \$0 | \$69,136 | \$0 | \$69,136 |
| 354 Accrued Compensated Absences - Non Current | \$17,329 | \$4,818 | | | | \$25,274 | \$47,421 | \$0 | \$47,421 |
| 350 Total Non-Current Liabilities | \$51,506 | \$39,777 | \$0 | \$0 | \$0 | \$25,274 | \$116,557 | \$0 | \$116,557 |
| 300 Total Liabilities | \$331,174 | \$72,934 | \$0 | \$9,797 | \$5,855 | \$70,778 | \$490,538 | -\$9,797 | \$480,741 |
| 508.4 Net Investment in Capital Assets | \$4,062,515 | \$678 | \$0 | \$0 | \$0 | \$460,485 | \$4,523,678 | | \$4,523,678 |
| 511.4 Restricted Net Position | \$0 | \$29,241 | \$0 | \$0 | \$0 | | \$29,241 | | \$29,241 |
| 512.4 Unrestricted Net Position | \$1,599,163 | \$264,455 | \$0 | \$0 | \$0 | \$665,111 | \$2,528,729 | | \$2,528,729 |
| 513 Total Equity - Net Assets / Position | \$5,661,678 | \$294,374 | \$0 | \$0 | \$0 | \$1,125,596 | \$7,081,648 | \$0 | \$7,081,648 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$5,992,852 | \$367,308 | \$0 | \$9,797 | \$5,855 | \$1,196,374 | \$7,572,186 | -\$9,797 | \$7,562,389 |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.896 PIH Family Self- Sufficiency Program | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|------------------|---|--|--|--|-----------|-------------|------------|-------------|
| 70300 Net Tenant Rental Revenue | \$790,460 | \$0 | | | | \$0 | \$790,460 | \$0 | \$790,460 |
| 70400 Tenant Revenue - Other | \$36,181 | \$0 | | | | \$0 | \$36,181 | \$0 | \$36,181 |
| 70500 Total Tenant Revenue | \$826,641 | \$0 | \$0 | \$0 | \$0 | \$0 | \$826,641 | \$0 | \$826,641 |
| 70600 HUD PHA Operating Grants | \$1,886,676 | \$3,106,136 | \$241,018 | \$136,979 | \$128,404 | \$0 | \$5,499,213 | \$0 | \$5,499,213 |
| 70610 Capital Grants | \$42,230 | \$0 | | | | \$0 | \$42,230 | \$0 | \$42,230 |
| 70710 Management Fee | | | | | | \$443,408 | \$443,408 | -\$443,408 | \$0 |
| 70720 Asset Management Fee | | | | | | \$53,040 | \$53,040 | -\$53,040 | \$0 |
| 70730 Book Keeping Fee | | | | | | \$82,388 | \$82,388 | -\$82,388 | \$0 |
| 70750 Other Fees | | | | | | \$284,781 | \$284,781 | -\$4,600 | \$280,181 |
| 70700 Total Fee Revenue | | | | | | \$863,617 | \$863,617 | -\$583,436 | \$280,181 |
| 71100 Investment Income - Unrestricted | \$10,801 | \$1,257 | | | | \$1,577 | \$13,635 | \$0 | \$13,635 |
| 71400 Fraud Recovery | \$0 | \$4,360 | | | | \$0 | \$4,360 | \$0 | \$4,360 |
| 71500 Other Revenue | \$106,289 | \$10,694 | | | | \$30,580 | \$147,563 | -\$21,300 | \$126,263 |
| 70000 Total Revenue | \$2,872,637 | \$3,122,447 | \$241,018 | \$136,979 | \$128,404 | \$895,774 | \$7,397,259 | -\$604,736 | \$6,792,523 |
| 91100 Administrative Salaries | \$288,161 | \$23,904 | \$89,529 | | \$95,727 | \$401,868 | \$899,189 | \$0 | \$899,189 |
| 91200 Auditing Fees | \$6,178 | \$6,037 | | | | \$1,925 | \$14,140 | \$0 | \$14,140 |
| 91300 Management Fee | \$373,700 | \$69,708 | | | | | \$443,408 | -\$443,408 | \$0 |
| 91310 Book-keeping Fee | \$38,820 | \$43,568 | | | | | \$82,388 | -\$82,388 | \$0 |
| 91400 Advertising and Marketing | \$726 | \$29 | | | | \$64 | \$819 | \$0 | \$819 |
| 91500 Employee Benefit contributions - Administrative | \$117,889 | \$13,135 | \$18,904 | | \$21,055 | \$104,010 | \$274,993 | \$0 | \$274,993 |
| 91600 Office Expenses | \$66,274 | \$19,319 | | | | \$47,708 | \$133,301 | -\$21,000 | \$112,301 |
| 91700 Legal Expense | \$1,050 | \$0 | | | | \$512 | \$1,562 | \$0 | \$1,562 |
| 91800 Travel | \$5,651 | \$400 | | | | \$22,143 | \$28,194 | -\$4,600 | \$23,594 |
| 91900 Other | \$30,657 | \$6,875 | | | \$7,828 | \$48,962 | \$94,322 | \$0 | \$94,322 |
| 91000 Total Operating - Administrative | \$929,106 | \$182,975 | \$108,433 | \$0 | \$124,610 | \$627,192 | \$1,972,316 | -\$551,396 | \$1,420,920 |
| 92000 Asset Management Fee | \$53,040 | \$0 | | | | | \$53,040 | -\$53,040 | \$0 |
| 92100 Tenant Services - Salaries | \$0 | \$0 | | \$96,891 | | \$0 | \$96,891 | \$0 | \$96,891 |
| 92400 Tenant Services - Other | \$5,111 | \$0 | \$1,878 | \$40,088 | \$405 | \$0 | \$47,482 | \$0 | \$47,482 |
| 92500 Total Tenant Services | \$5,111 | \$0 | \$1,878 | \$136,979 | \$405 | \$0 | \$144,373 | \$0 | \$144,373 |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.896 PIH Family Self-Sufficiency Program | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|---|---------------|--------------------------------|---|--|------------------------------|-----------|-------------|------------|-------------|
| 93100 Water | \$65,523 | \$0 | | | | \$532 | \$66,055 | \$0 | \$66,055 |
| 93200 Electricity | \$89,755 | \$0 | | | | \$6,506 | \$96,261 | \$0 | \$96,261 |
| 93300 Gas | \$29,496 | \$0 | | | | \$1,827 | \$31,323 | \$0 | \$31,323 |
| 93600 Sewer | \$42,133 | \$0 | | | | \$446 | \$42,579 | \$0 | \$42,579 |
| 93000 Total Utilities | \$226,907 | \$0 | \$0 | \$0 | \$0 | \$9,311 | \$236,218 | \$0 | \$236,218 |
| 94100 Ordinary Maintenance and Operations - Labor | \$351,361 | \$0 | \$108,912 | | | \$0 | \$460,273 | \$0 | \$460,273 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$141,218 | \$742 | \$0 | | | \$5,534 | \$147,494 | \$0 | \$147,494 |
| 94300 Ordinary Maintenance and Operations Contracts | \$262,776 | \$68 | \$498 | | | \$8,427 | \$271,769 | -\$300 | \$271,469 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$136,578 | \$0 | \$16,177 | | | \$0 | \$152,755 | \$0 | \$152,755 |
| 94000 Total Maintenance | \$891,933 | \$810 | \$125,587 | \$0 | \$0 | \$13,961 | \$1,032,291 | -\$300 | \$1,031,991 |
| 95200 Protective Services - Other Contract Costs | \$56,697 | \$0 | | | | \$728 | \$57,425 | \$0 | \$57,425 |
| 95000 Total Protective Services | \$56,697 | \$0 | \$0 | \$0 | \$0 | \$728 | \$57,425 | \$0 | \$57,425 |
| 96110 Property Insurance | \$94,189 | \$0 | | | | \$3,879 | \$98,068 | \$0 | \$98,068 |
| 96120 Liability Insurance | \$19,489 | \$3,211 | | | | \$12,596 | \$35,296 | \$0 | \$35,296 |
| 96130 Workmen's Compensation | \$20,505 | \$964 | \$3,153 | | \$2,485 | \$10,720 | \$37,827 | \$0 | \$37,827 |
| 96140 All Other Insurance | \$11,737 | \$4,253 | | | | \$2,633 | \$18,623 | \$0 | \$18,623 |
| 96100 Total insurance Premiums | \$145,920 | \$8,428 | \$3,153 | \$0 | \$2,485 | \$29,828 | \$189,814 | \$0 | \$189,814 |
| 96200 Other General Expenses | \$309 | \$1,849 | | | | \$0 | \$2,158 | \$0 | \$2,158 |
| 96210 Compensated Absences | \$100,880 | \$20,134 | | | | \$57,857 | \$178,871 | \$0 | \$178,871 |
| 96300 Payments in Lieu of Taxes | \$56,355 | \$0 | | | | \$0 | \$56,355 | \$0 | \$56,355 |
| 96400 Bad debt - Tenant Rents | \$35,275 | \$0 | | | | \$0 | \$35,275 | \$0 | \$35,275 |
| 96600 Bad debt - Other | \$0 | \$1,302 | | | | \$0 | \$1,302 | \$0 | \$1,302 |
| 96000 Total Other General Expenses | \$192,819 | \$23,285 | \$0 | \$0 | \$0 | \$57,857 | \$273,961 | \$0 | \$273,961 |
| 96900 Total Operating Expenses | \$2,501,533 | \$215,498 | \$239,051 | \$136,979 | \$127,500 | \$738,877 | \$3,959,438 | -\$604,736 | \$3,354,702 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$371,104 | \$2,906,949 | \$1,967 | \$0 | \$904 | \$156,897 | \$3,437,821 | \$0 | \$3,437,821 |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2020

| | Project Total | 14.871 Housing Choice Vouchers | 14.PHC Public Housing CARES Act Funding | 14.896 PIH Family Self- Sufficiency Program | 14.HCC HCV CARES Act Funding | COCC | Subtotal | ELIM | Total |
|--|------------------|---|--|--|--|-----------|-------------|------------|-------------|
| 97100 Extraordinary Maintenance | \$7,000 | \$0 | | | | \$0 | \$7,000 | \$0 | \$7,000 |
| 97300 Housing Assistance Payments | \$0 | \$2,826,051 | | | | \$0 | \$2,826,051 | \$0 | \$2,826,051 |
| 97400 Depreciation Expense | \$469,805 | \$226 | | | | \$23,105 | \$493,136 | \$0 | \$493,136 |
| 90000 Total Expenses | \$2,978,338 | \$3,041,775 | \$239,051 | \$136,979 | \$127,500 | \$761,982 | \$7,285,625 | -\$604,736 | \$6,680,889 |
| 10010 Operating Transfer In | \$232,726 | \$0 | | | | \$0 | \$232,726 | -\$232,726 | \$0 |
| 10020 Operating transfer Out | -\$232,726 | \$0 | | | | \$0 | -\$232,726 | \$232,726 | \$0 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -\$105,701 | \$80,672 | \$1,967 | \$0 | \$904 | \$133,792 | \$111,634 | \$0 | \$111,634 |
| 11030 Beginning Equity | \$5,765,412 | \$212,798 | \$0 | \$0 | \$0 | \$991,804 | \$6,970,014 | \$0 | \$6,970,014 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$1,967 | \$904 | -\$1,967 | | -\$904 | \$0 | \$0 | \$0 | \$0 |
| 11170 Administrative Fee Equity | | \$265,133 | | | | | \$265,133 | | \$265,133 |
| 11180 Housing Assistance Payments Equity | | \$29,241 | | | | | \$29,241 | | \$29,241 |
| 11190 Unit Months Available | 5280 | 5964 | | | | 0 | 11244 | 0 | 11244 |
| 11210 Number of Unit Months Leased | 5152 | 5879 | | | | 0 | 11031 | 0 | 11031 |
| 11270 Excess Cash | \$1,255,199 | | | | | | \$1,255,199 | | \$1,255,199 |
| 11620 Building Purchases | \$55,015 | | | | | \$0 | \$55,015 | | \$55,015 |

**INDEPENDENT AUDITOR’S 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***

Board of Commissioners
Housing Authority of the City of Shawnee
Shawnee, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Shawnee (Authority), Oklahoma, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued my report thereon dated September 2, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority’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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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.

Audit Solutions, LLC

Chesterfield, Missouri

September 2, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Housing Authority of the City of Shawnee
Shawnee, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Shawnee (Authority), Oklahoma’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority’s major federal programs for the year ended December 31, 2020. 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.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

My responsibility is to express an opinion on compliance for each of the Authority’s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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). Those standards and the Uniform Guidance require that I 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 I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority’s compliance.

Opinion on Each Major Federal Program

In my opinion, the Authority 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 December 31, 2020.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority’s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Audit Solutions, LLC

Chesterfield, Missouri

September 2, 2021

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Shawnee
Shawnee, Oklahoma

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Shawnee and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. 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 and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I 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.

I 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 my agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below.

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended December 31, 2020 and have issued my report thereon dated September 2, 2021. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated September 2, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

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

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

Audit Solutions, LLC

Chesterfield, Missouri
September 2, 2021

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

AGREED UPON PROCEDURES
December 31, 2020

| Procedure | UFRS Rule Information | Hard Copy Document(s) | Agrees |
|------------------|--|--|---------------|
| 1 | Balance Sheet and Revenue and Expense (data line items 111 to 1121) | Financial Data Schedule, all CFDA's | √ |
| 2 | Footnotes (data element G5000-010) | Footnotes to audited basic financial statements | √ |
| 3 | Type of opinion to FDS (data element G5100-010) | Auditor's supplemental report on FDS | √ |
| 4 | Audit findings narratives (data element G5200-010) | Schedule of Findings and Questioned costs | √ |
| 5 | General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100) | OMB Data Collection Form | √ |
| 6 | Financial statement report information (data element G3000-010 to G3000-050) | Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form | √ |
| 7 | Federal program report information (data element G4000-020 to G4000-040) | Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form | √ |
| 8 | Type of compliance requirement (G4000-020 & G4000-030) | OMB Data Collection Form | √ |
| 9 | Basic financial statements and auditors' reports required to be submitted electronically | Basic financial statements (inclusive of auditor reports) | √ |

HOUSING AUTHORITY OF THE CITY OF SHAWNEE
Shawnee, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

| | |
|---|---------------|
| Type of auditor's report issued: | Unmodified |
| <u>Internal control over financial reporting:</u> | |
| ➤ Material weakness(es) identified? | No |
| ➤ Significant deficiency(ies) identified? | None Reported |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| <u>Internal control over major programs:</u> | |
| ➤ Material weakness(es) identified? | No |
| ➤ Significant deficiency(ies) identified? | None Reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| <u>Identification of Major programs:</u> | |
| ➤ CFDA #14.850 Public and Indian Housing | |
| ➤ CFDA #14.872 Public Housing Capital Fund | |
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

Section II - Financial Statement Findings

The current audit report for the year ended December 31, 2020 disclosed no Financial Statement audit finding.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the year ended December 31, 2020 disclosed no Federal Awards audit finding and questioned costs.