

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

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL DATA FOR THE  
TWELVE MONTHS ENDED JUNE 30, 2016**

**CYNTHIA L WARREN CPA, P.C.**

**Eufaula, Oklahoma 74432**

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
JUNE 30, 2016**

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**CYNTHIA L WARREN CPA, P.C.**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Housing Authority of the City of Wewoka as of June 30, 2016, and for the year then ended, 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 an opinion 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 of 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 appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Wewoka as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in conformity 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 5 through 11 be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operations, economic, or historical context. I have applied certain limited procedures on 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 method of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, the Financial Data Schedule and Schedule of Actual Modernization Cost, is presented for purposes of additional analysis as required by the by the U.S. Department of Housing and Urban Development, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Report Issued in Accordance with *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated March 17, 2017 on my consideration of the Housing Authority of the City of Wewoka's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.

*Cynthia L Warren CPA, P.C.*

Cynthia L Warren CPA, P.C.  
Eufaula, Oklahoma  
March 17, 2017

**WEWOKA HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Introduction**

This Management's Discussion and Analysis (MD&A) of the Wewoka Housing Authority (Authority) provides an introduction and overview to the financial statements of the Wewoka Housing Authority for the fiscal year ended June 30, 2016. The Wewoka Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2016, 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 Wewoka Housing Authority. The information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has four individual programs. They include the Low Rent Public Housing Program, the Capital Fund Program (CFP), the Housing Choice Voucher Program (HCV), and a Management Program (Business Activities).

- The Low Rent Program consists of 91 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- The Capital Fund Program is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- The Housing Choice Voucher Program provides rental assistance to aid low income families with affordable, decent, safe, and sanitary rental housing. The Authority provides rental assistance in the form of a housing assistance payment to a landlord on behalf of the tenant. The Authority currently has 154 units available. Funds are provided by HUD to provided rental assistance payments. The Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The administrative fee is computed by HUD on an annual basis.
- Management Fund that manages the leasing activities of a home owned by the Authority.

**Overview of the Financial Statements**

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

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

The Statement of Net Position presents information on the assets, deferred outflows or resources, liabilities, and deferred inflows of resources with the differences between them being reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets.
- Restricted component of net position consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through enabling legislation.
- Unrestricted component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of Net Position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended June 30, 2016, to determine the net change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended June 30, 2016.

### **Financial Highlights**

The Wewoka Housing Authority's net position decreased from \$1,434,241 to \$1,351,296, a decrease of \$82,945 or 6%. Total assets also decreased by \$66,250 or 5%.

Total revenue increased from \$868,716 to \$946,114, an increase of \$77,398 or 9%.

Total expenses increased by \$42,980, from \$986,079 to \$1,029,059 for the current year. This represents an increase of 4%.

### **Housing Authority Activities & Highlights**

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the summary of net position for the year ended June 30, 2016, and 2015.

**Summary Statement of Net Position  
As of June 30, 2016, and 2015**

<u>Category</u>	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 268,425	\$ 274,072	\$ (5,647)	-2%
Noncurrent Assets	\$ 1,135,922	\$ 1,196,525	\$ (60,603)	-5%
Total Assets	\$ 1,404,347	\$ 1,470,597	\$ (66,250)	-5%
Current Liabilities	\$ 51,093	\$ 32,808	\$ 18,285	56%
Noncurrent Liabilities	\$ 1,958	\$ 3,548	\$ (1,590)	-45%
Total Liabilities	\$ 53,051	\$ 36,356	\$ 16,695	46%
Unrestricted	\$ 211,477	\$ 237,716	\$ (26,239)	-11%
Restricted	\$ 3,897	\$ -	\$ 3,897	NA
Net Investment in Capital Assets	\$ 1,135,922	\$ 1,196,525	\$ (60,603)	-5%
Total Net Position	\$ 1,351,296	\$ 1,434,241	\$ (82,945)	-6%

**Current Assets**

The Authority's current asset balances decreased by \$5,647. Unrestricted cash and investments decreased from \$249,204 as of June 30, 2015 to \$220,151 on June 30, 2016. This was primarily due to capital improvements funded by the Low Rent Program. In addition, accounts receivable – HUD other projects decreased by \$4,219 due a reduction in the amount of funding due to the HCV and CFP Programs. In contrast, restricted cash and investments increased by \$3,897. This was due to HAP revenues of \$404,508 over HAP expenses in the amount of \$400,611. Prepaid expenses increased by \$25,573 due to the property and liability insurance payment made at the end of the year.

**Noncurrent Assets**

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

**Current Liabilities**

Current liabilities increased by \$18,285 primarily due to an increase in other current liabilities. This increase was due to the accrual of the cost of the compilation of a storm shelter. Accounts payable also increased by \$5,239 due to the accrual of pest control expenses and the purchase of refrigerators.

**Noncurrent Liabilities**

Noncurrent liabilities decreased by \$1,590 due to a reduction in non-current accrued compensated absences.

**Net Position**

The net position of the Authority decreased by \$82,945 compared to the previous fiscal year. The Authority's unrestricted component of net position changed from \$237,716 to \$211,477, a decrease of \$26,239 or 24% for the current year. This was due to capital improvement projects funded by the Low Rent Program. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines.

Low Rent Housing Program	\$ 147,700
Housing Choice Voucher	\$ 33,929
Business Activities	\$ 29,848
Total Unrestricted	\$ 211,477

**Summary Statement of Revenues & Expenses and Changes in Net Position  
Years Ended June 30, 2016 and 2015**

<u>Category</u>	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 153,262	\$ 135,994	\$ 17,268	13%
HUD Operating Grants	\$ 694,785	\$ 626,241	\$ 68,544	11%
Capital Grants	\$ 93,964	\$ 79,052	\$ 14,912	19%
Interest Income	\$ 591	\$ 725	\$ (134)	-18%
Other Revenue	\$ 3,512	\$ 26,704	\$ (23,192)	-87%
Total Revenue	\$ 946,114	\$ 868,716	\$ 77,398	9%
Administration	\$ 188,484	\$ 191,041	\$ (2,557)	-1%
Utilities	\$ 36,600	\$ 35,099	\$ 1,501	4%
Ordinary Maintenance	\$ 167,464	\$ 152,824	\$ 14,640	10%
General Expense	\$ 57,518	\$ 60,204	\$ (2,686)	-4%
Housing Assistance Payments	\$ 400,051	\$ 373,335	\$ 26,716	7%
Depreciation	\$ 178,942	\$ 173,576	\$ 5,366	3%
Total Expenses	\$ 1,029,059	\$ 986,079	\$ 42,980	4%
Increase (Decrease) in Net Position	\$ (82,945)	\$ (117,363)	\$ 34,418	-29%
Net Position, Beginning of Year	\$ 1,434,241	\$ 1,551,604	\$ (117,363)	-8%
Net Position, End of Year	\$ 1,351,296	\$ 1,434,241	\$ (82,945)	-6%

**Results of Operations**

Revenues of the Authority are principally generated from tenant rents and Federal funding. The Authority's revenue increased by \$77,398 compared to the previous fiscal year. Significant variances include the following:

- Tenant revenue increased by \$17,268. This is due to an increase in the average rent per unit leased. Average rent increased from \$126 per unit in the prior year to \$142 per unit in the current year.
- HUD operating grants increased by \$68,544. This was due to an increase in HCV HAP funding in the amount of \$55,133 and HCV administrative funding in the amount of \$7,781 due to an increase in unit months leased. In addition, Low Rent operating grants increased by \$8,668.

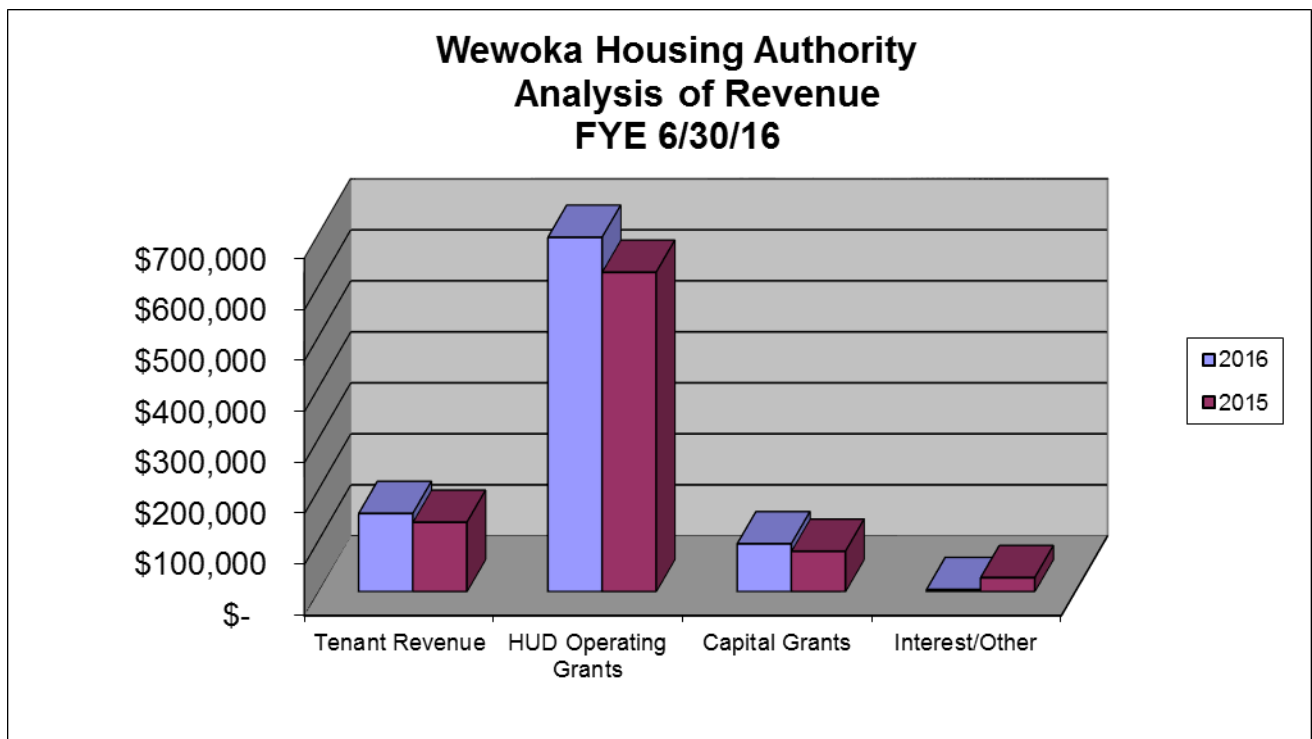


- Capital grants increased by \$14,912 due to an increase in activity associated with capital improvements.
- Other revenues decreased by \$23,192 due to the Authority recorded a gain in the previous year due to the sale of property.

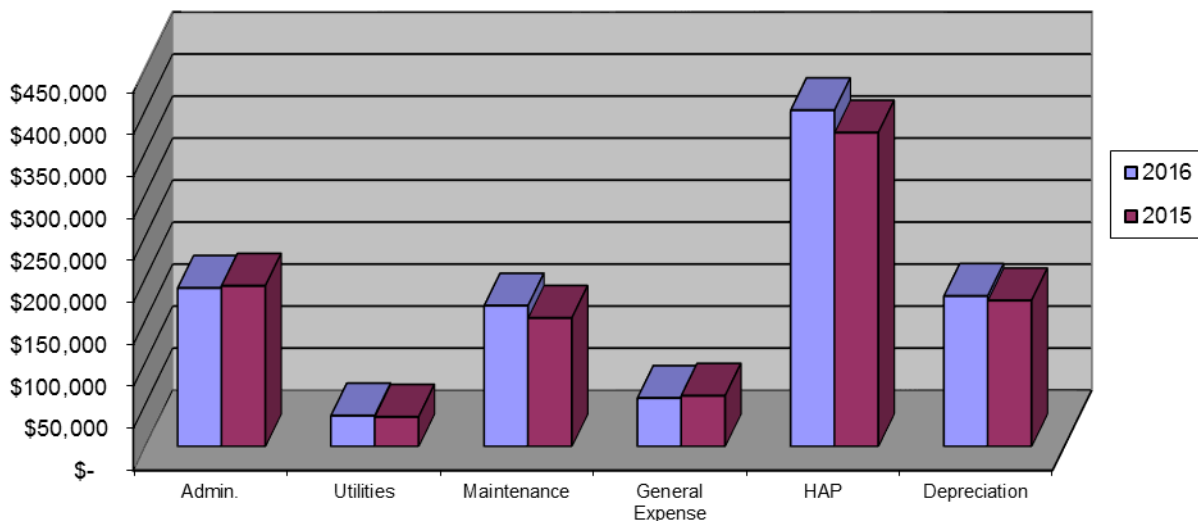
Total expenses increased by \$42,980. Significant variances include the following:

- Ordinary maintenance increased by \$14,640. This was primarily due to an increase in misc. contract expenses in the amount of \$6,209 due to carpet replacement in a small number of the units. In addition, pest control expenses increased by \$4,835, maintenance materials increased by \$2,488, and plumbing expenses increased by \$839.
- Housing assistance payments increased by \$26,716 due to an increase in the number of vouchers leased. The Authority leased 1,178 voucher unit months in the previous year as compared to 1,248 in the current year.

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



### Wewoka Housing Authority Analysis of Expenses FYE 6/30/16



### Capital Assets

As of June 30, 2016, the Wewoka Housing Authority’s net investment in capital assets was \$1,135,922. This investment includes land, buildings, construction in progress, and equipment, net of accumulated depreciation and notes payable.

<u>Category</u>	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 78,667	\$ 78,667	\$ -	0%
Buildings	\$ 4,633,187	\$ 4,475,165	\$ 158,022	4%
Equipment	\$ 126,213	\$ 126,212	\$ 1	0%
Construction in Progress	\$ -	\$ 39,683	\$ (39,683)	-100%
Accumulated Depreciation	\$ (3,702,145)	\$ (3,523,202)	\$ (178,943)	5%
<b>Total Net Fixed Assets</b>	<b>\$ 1,135,922</b>	<b>\$ 1,196,525</b>	<b>\$ (60,603)</b>	<b>-5%</b>

Additions noted in the building account consist of HVAC, cabinet, flooring, and bathroom remodel projects funded by the 2014 and 2015 CFP and the Low Rent Program.

### Long Term Debt

The Authority classifies a portion of accrued leave as long term liabilities. As of June 30, 2016, the amount of accrued leave designated as long term was \$1,958.

### **Subsequent Event**

Due to the 2016 Congressional Appropriations, the Authority's operating subsidy provided by HUD for the Low Rent Housing Program was prorated to 89% for the calendar year 2016.

The amount of funding for the 2016 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at an estimated 84% and HAP funding at 100%.

### **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:

Wewoka Housing Authority  
Terry Mantooh, Executive Director  
PO Box 877  
Wewoka, OK 74884

HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	77,941
Cash and Cash Equivalents, Restricted for Security Deposits		4,703
Cash and Cash Equivalents, Restricted		3,897
Tenant Accounts Receivable, Net		2,752
Due from Other Governments - HUD		1,795
Accrued Interest Receivable		65
Investments		142,210
Prepaid Expenses		26,517
Inventory		8,545
Total Current Assets		<u>268,425</u>

**Noncurrent Assets:**

Capital Assets, Non-depreciable		78,667
Capital Assets, Net of Depreciation		<u>1,057,255</u>
Total Capital Assets		<u>1,135,922</u>
Total Assets	\$	<u><u>1,404,347</u></u>

(Continued on next page.)

The accompanying notes to the financial statements are an integral part hereof.

HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
STATEMENT OF NET POSITION  
JUNE 30, 2016

(Continued from previous page.)

**LIABILITIES**

**Current Liabilities:**

Accounts Payable, Vendors	\$	8,580
Due to Other Government - PILOT Taxes		11,214
Accrued Wages and Payroll Taxes Payable		6,138
Accrued Compensated Absences		4,564
Unearned Revenues		1,444
Other Current Liabilities		14,450
Tenant Security Deposits		4,703
Total Current Liabilities		<u>51,093</u>

**Long-term Liabilities:**

Accrued Compensated Absences		<u>1,958</u>
Total Liabilities		<u>53,051</u>

**NET POSITION**

Invested in Capital Assets		1,135,922
Restricted - Housing Assistance Payments		3,897
Unrestricted		<u>211,477</u>
Total Net Position		<u>1,351,296</u>

Total Liabilities and Net Position	\$	<u><u>1,404,347</u></u>
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The accompanying notes to the financial statements are an integral part hereof.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2016**

<b>Operating Revenue:</b>	
Tenant Revenue	\$ 153,262
Operating Grants and Subsidies	694,785
Other Income	3,512
Total Operating Revenue	<u>851,559</u>
 <b>Operating Expenses:</b>	
Housing Assistance Payments	400,051
Administration	188,484
Utilities	36,600
Maintenance	167,464
General Expense	57,518
Depreciation	178,942
Total Operating Expenses	<u>1,029,059</u>
 Operating Income (Loss)	 (177,500)
 <b>Non-operating Revenue (Expense)</b>	
Investment Income	<u>591</u>
Net Income (Loss) Before Capital Grants	(176,909)
Capital Grants	<u>93,964</u>
 Change in Net Position	 (82,945)
 Total Net Position, Beginning	 <u>1,434,241</u>
 Total Net Position, Ending	 \$ <u><u>1,351,296</u></u>

The accompanying notes to the financial statements are an integral part hereof.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA**  
**WEWOKA, OKLAHOMA**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**

**Cash Flows from Operating Activities:**

Receipts from Tenants	\$	154,422
Receipts from Operating Grants		699,004
Receipts from Other Operating Activities		2,324
Payments to Employees		(236,232)
Payments to Suppliers and Vendors		(211,462)
Payments for Housing Assistance		(400,051)
Payments for PILOT Taxes		(9,582)
Net Cash Provided (Used) by Operating Activities		(1,577)

**Cash Flows from Capital and Related Financing Activities:**

Receipts from Capital Grants		93,964
Purchases of Land, Structures and Equipment		(118,339)
Net Cash Provided (Used) by Capital and Related Financing Activities		(24,375)

**Cash Flows from Investing Activities:**

Receipts of Interest Income		675
Purchase of Investments		37,207
Net Cash Provided (Used) from Investing Activities		37,882

Net Increase (Decrease) in Cash and Cash Equivalents		11,930
Cash and Cash Equivalents, Beginning		74,611

Cash and Cash Equivalents, Ending	\$	86,541
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Reconciliation to Statement of Net Position

Cash and Cash Equivalents		77,941
Cash and Cash Equivalents, Restricted		8,600
	\$	86,541

The accompanying notes to the financial statements are an integral part hereof.

HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016

**Reconciliation of Operating Income to Net Cash**

**Provided (Used) by Operating Activities:**

Operating Income (Loss)	\$ <u>(177,500)</u>
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	178,942
Change in Assets and Liabilities:	
Accounts Receivable and Due from Other Governments	4,527
Prepaid Expenses	(25,573)
Inventory	1,332
Accounts Payable	6,871
Tenant Security Deposits	(121)
Accrued Liabilities	(219)
Unearned Revenues	<u>10,164</u>
Total Adjustments	<u>175,923</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(1,577)</u></u>

The accompanying notes to the financial statements are an integral part hereof.



**HOUSING AUTHORITY OF THE CITY OF WEWOKA**  
**WEWOKA, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 - REPORTING ENTITY**

The agency was created under the provisions of the laws of the State of Oklahoma. The purpose of the agency is to administer Public Housing Programs authorized by the United States Housing Act. The governing board is appointed by the Mayor of the City of Wewoka. The governing board employs executives; authorizes contracts of subsidy with the U.S. Department of Housing and Urban Development (Annual Contributions Contract) pursuant to that agency's regulations and statutory authorizations; and causes the agency to construct, own, and operate public housing facilities.

The Housing Authority's financial statements include all organizations, activities, and functions that comprise the Housing Authority. Component units are legally separate entities for which the Housing Authority is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Housing Authority's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Housing Authority. As of June 30, 2016, and for the fiscal year then ended, the Housing Authority had no component units required to be blended in these financial statements or discretely presented.

***Programs Administered by the Authority***

The Housing Authority administers an annual contributions contract to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development (HUD). Contracts administered by the Housing Authority are as follow:

*Public Housing* - The Housing Authority owns, operates and maintains 91 units of Public Housing. The properties were acquired through bonds and notes guaranteed by HUD and through grants, subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD.

*Capital Fund Program* - Funds from the Capital Fund Program provided by HUD are used to maintain and improve the Housing Authority. Substantially all additions to land, structures and equipment of the Housing Authority are accomplished through these capital fund grants.

*Housing Choice Vouchers* - The Housing Authority administers Housing Choice Vouchers to assist low-income families, elderly and disabled to afford decent, safe and sanitary housing in the private market. Revenues consist primarily of Annual Contribution for Housing Assistance Payments from HUD.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting and Measurement Focus***

The Housing Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and become measurable and expenses are recognized when incurred, if measurable.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA**  
**WEWOKA, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

The Housing Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedures unless those pronouncements conflict with or contradict GASB pronouncements.

The Housing Authority has adopted GASB Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The adoption of GASB 63 has had no material effect on the Authority's financial statements.

For accounting and financial reporting purposes, the Housing Authority of the City of Wewoka is considered a special purpose government engaged solely in business-type activities. As such, the accounting and financial reporting treatment is similar to enterprise funds of a general purpose government. Enterprise funds are accounted for on the economic resources measurement focus and report all assets and liabilities, both current and noncurrent, in the Statement of Net Position. Net Position are segregated into Investment in Capital Assets, Restricted and Unrestricted components, to the extent applicable.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

***Budgetary Process***

The Housing Authority adopts an operating budget for each fiscal year which is approved by the Board of Commissioners with revisions being prepared as needed. However, the budget does not establish legal spending limits and is instead designed to serve as a financial plan.

***Cash and Cash Equivalents***

Cash and Cash Equivalents consist of amounts deposited in checking, money market and investments accounts with an original maturity of three months or less. Cash equivalents, if any, are carried at fair value.

***Investments***

Investments consist of certificates of deposit, which are considered money market type investments as defined by the Governmental Accounting Standards Board. The investments are reported at cost, which approximates fair market value.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Restricted Cash and Cash Equivalents***

Restricted Cash and Cash Equivalents consist of amounts deposited in a checking account for the restricted purpose of Housing Choice Voucher payments. These funds were obtained from excess funding of Housing Choice Voucher payments.

***Prepaid Expenses***

Certain payments to vendors reflect costs applicable to future periods. These payments are recorded as prepaid expenses.

***Inventory***

Inventory balances consist of expendable supplies held for consumption. The inventory is valued at cost. The Housing Authority uses the first-in, first-out basis in determination of cost.

***Capital Assets***

Capital assets acquired are valued at historical cost. It is the policy of the Housing Authority to capitalize all assets with a cost of \$1,000 or greater. Donated capital assets are valued at the estimated fair value at the date of the donation. Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the statement of Net Position. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follow:

Buildings and Improvements	15 - 40 years
Equipment	3 - 5 years

***Compensated Absences***

It is the Housing Authority's policy to allow employees to accumulate earned but unused vacation and sick pay benefits up to certain limits. These amounts accrued, for which the employee is vested that would be paid upon termination, are charged to expense and a corresponding liability is established when earned. The portion of the liability that is anticipated to be paid within the next fiscal year is reported as a current liability, while the remainder is reported as a long-term liability.

***Operating and Non-operating Revenues and Expenses***

The statement of revenues, expenses, and changes in Net Position distinguishes operating revenues and expenses from non-operating. Operating revenues and expenses generally include revenues resulting from the providing of housing services to tenants, including housing assistance grants and subsidies, and the costs associated with providing those services, including depreciation of capital assets. These activities are consistent with those classified as "operating activities" in the statement of cash flows. All other revenues and expenses are classified as either non-operating revenues and expenses or separately reported activities, such as capital grants, that are reported following operating income or loss.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

It is the Housing Authority's policy to invest in those securities which are authorized by HUD. Such investments generally consist of obligation of the U.S. government and its agencies and instrumentalities, collateralized or insured certificates of deposit, or other bank deposits, and certain other commercial instruments. The deposits and investments held at June 30, 2016, and reported at fair value, are as follows:

<u>TYPE</u>	<u>Carrying Value</u>
<b>Deposits:</b>	
Demand Deposits	\$ 86,541
<b>Investments:</b>	
Certificates of Deposit	142,210
<b>Total Deposits and Investments</b>	<b>\$ 228,751</b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and Cash Equivalents	\$ 77,941
Cash and Cash Equivalents, Restricted	8,600
Investments	142,210
	<b>\$ 228,751</b>

*Custodial Credit Risk* - HUD regulations and State law governs the requirements for managing custodial credit risk. Such regulations and law require uninsured deposits to be secured with collateral having market value at least equal to the amount of uninsured deposits. Deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a bank balance of \$241,367 at June 30, 2016, which was fully insured by depository insurance or secured with collateral held by the Housing Authority's agent in its name.

*Investment Interest Rate Risk* - The Housing Authority's investment policy mandates that investing be performed in accordance with HUD regulations and State Statutes. The investment policy has no formal limitation of investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Nonnegotiable certificates of deposit are not subject to interest rate risk, therefore their maturity dates are not provided.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS, Continued**

*Investment Credit Risk* - The Housing Authority's investment policy limits its investment choices to those allowed by HUD regulations and state laws as follows:

- A. U.S. Treasury Bills
- B. U.S. Treasury Notes and Bonds
- C. Obligations of Federal Government Agencies
- D. Securities of Federal Government Agencies
- E. Insured Money Market Deposit Accounts
- F. Municipal Depository Fund
- G. Super NOW Accounts
- H. Certificates of Deposit
- I. Repurchase Agreements
- J. Sweep Accounts
- K. Separate Trading of Registered Interest and Principal of Securities
- L. Mutual Funds that meet the HUD criteria.

*Concentration of Investment Credit Risk* - The Housing Authority places no limit on the amount it may invest in any one issuer. At June 30, 2016, the Housing Authority had limited concentration of credit risk because the investments consist of Certificates of Deposit.

**NOTE 4 - ACCOUNTS RECEIVABLE**

All receivables from tenants are for rentals and charges for the Public Housing and Housing Choice Voucher programs. These receivables are shown net of an allowance for uncollectible amounts. The total accounts receivable balance is \$23,975 less an allowance of \$21,223 for a net accounts receivable of \$2,752 at June 30, 2016.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 - CAPITAL ASSETS**

A summary of Capital Assets as presented in the Statement of Net Position is as follows:

	<b>Balance</b>				<b>Balance</b>
	<b><u>6/30/2015</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>		<b><u>6/30/2016</u></b>
Non-depreciable Capital Assets:					
Land	\$ 78,667	\$ 0	\$ 0	\$	78,667
Construction in Progress	39,683	0	(39,683)		0
	<u>118,350</u>	<u>0</u>	<u>(39,683)</u>		<u>78,667</u>
Depreciable Capital Assets:					
Buildings and Improvements	4,475,165	158,022	0		4,633,187
Furniture & Equipment	126,212	0	0		126,212
	<u>4,601,377</u>	<u>158,022</u>	<u>0</u>		<u>4,759,399</u>
Less Accumulated Depreciation:					
Buildings and Improvements	3,411,129	173,534	0		3,584,663
Furniture & Equipment	112,073	5,408	0		117,481
	<u>3,523,202</u>	<u>178,942</u>	<u>0</u>		<u>3,702,144</u>
Net Depreciable Capital Assets	<u>1,078,175</u>	<u>(20,920)</u>	<u>0</u>		<u>1,057,255</u>
Total	<u>\$ 1,196,525</u>	<u>\$ (20,920)</u>	<u>\$ (39,683)</u>	<u>\$</u>	<u>1,135,922</u>

Depreciation expense for the year ending June 30, 2016 is \$178,942.

**NOTE 6 - ACCRUED COMPENSATED ABSENCES**

Accrued Compensated Absences consists of employee vacation and sick pay benefits which have been earned but not used. These benefits total \$6,522 of which \$4,564 is current and \$1,958 is long-term. The current portion is anticipated to be used in the next twelve months with the long-term portion anticipated to be used after the next twelve months. The following is a summary of the long-term portion.

	<b>Balance</b>				<b>Balance</b>	<b>Due Within</b>
	<b><u>6/30/2015</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>		<b><u>6/30/2016</u></b>	<b><u>One Year</u></b>
Accrued Compensated Absences	\$ 7,342	\$ 14,409	\$ 15,229	\$	<u>6,522</u>	<u>4,564</u>

**NOTE 7 - INTER-PROGRAM TRANSFERS**

During the year ending June 30, 2016, the Capital Fund Program transferred \$13,009 to the Low Rent Program for operations. For presentation of financial statements, this transfer has been eliminated.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

The activities of the Housing Authority are currently funded in large part by the Federal Government and future operations of the Authority are reliant on continuation of this funding from the Federal Government. The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to the federal grantors and/or program beneficiaries. Although these amounts cannot be determined at this time, the Housing Authority expects such amounts to be immaterial.

**NOTE 9 - RISK MANAGEMENT**

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions injuries to employees; and natural disasters for which the Housing Authority purchases commercial insurance. Management believes this coverage is sufficient to preclude any significant uninsured losses to the Housing Authority. Settled claims have not exceeded coverage in any of the past three fiscal years.

**NOTE 10 - RETIREMENT**

As a retirement plan for employees, the Housing Authority makes contributions into a Simple IRA through Wachovia Securities, LLC for each employee. These contributions totaled \$12,706 for the year ending June 30, 2016.

**NOTE 11 - ECONOMIC DEPENDENCY**

The Housing Authority receives a significant portion of its revenue from funds provided through federal grants. The grant amounts are appropriated each year at the federal level. If significant budget cuts occur at the federal level, the amount of funds the Housing Authority receives could be reduced substantially and have an adverse effect on its operations. Although management expects decreases in funding, significant adverse changes in services provided are not expected to occur by the Housing Authority.

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Direct Program:		
Public & Indian Housing	* 14.850	\$ 218,664
Public Housing Capital Fund Program	14.872	107,973
Section 8 Housing Choice Vouchers	14.871	462,112
Total		\$ 788,749

\* Major Program

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Housing Authority of the City of Wewoka under programs of the federal government for the year ended June 30, 2016. 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 for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the entity, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority of the City of Wewoka.

**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.



**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2016**

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$19,825	\$28,947	\$29,169	\$77,941		\$77,941
113 Cash - Other Restricted		\$3,897		\$3,897		\$3,897
114 Cash - Tenant Security Deposits	\$4,703			\$4,703		\$4,703
100 Total Cash	\$24,528	\$32,844	\$29,169	\$86,541	\$0	\$86,541
122 Accounts Receivable - HUD Other Projects		\$1,795		\$1,795		\$1,795
126 Accounts Receivable - Tenants	\$2,150			\$2,150		\$2,150
126.1 Allowance for Doubtful Accounts - Tenants	-\$702			-\$702		-\$702
128 Fraud Recovery		\$21,825		\$21,825		\$21,825
128.1 Allowance for Doubtful Accounts - Fraud		-\$20,521		-\$20,521		-\$20,521
129 Accrued Interest Receivable	\$65			\$65		\$65
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,513	\$3,099	\$0	\$4,612	\$0	\$4,612
131 Investments - Unrestricted	\$142,210			\$142,210		\$142,210
142 Prepaid Expenses and Other Assets	\$21,331	\$4,470	\$716	\$26,517		\$26,517
143 Inventories	\$9,494			\$9,494		\$9,494
143.1 Allowance for Obsolete Inventories	-\$949			-\$949		-\$949
144 Inter Program Due From	\$772		\$331	\$1,103	-\$1,103	\$0
145 Assets Held for Sale						
150 Total Current Assets	\$198,899	\$40,413	\$30,216	\$269,528	-\$1,103	\$268,425
161 Land	\$71,417		\$7,250	\$78,667		\$78,667
162 Buildings	\$4,608,704		\$24,483	\$4,633,187		\$4,633,187
164 Furniture, Equipment & Machinery - Administration	\$125,640	\$573		\$126,213		\$126,213
166 Accumulated Depreciation	-\$3,694,506	-\$573	-\$7,066	-\$3,702,145		-\$3,702,145
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,111,255	\$0	\$24,667	\$1,135,922	\$0	\$1,135,922
180 Total Non-Current Assets	\$1,111,255	\$0	\$24,667	\$1,135,922	\$0	\$1,135,922
290 Total Assets and Deferred Outflow of Resources	\$1,310,154	\$40,413	\$54,883	\$1,405,450	-\$1,103	\$1,404,347

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2016**

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$7,685	\$851	\$44	\$8,580		\$8,580
321 Accrued Wage/Payroll Taxes Payable	\$5,908		\$230	\$6,138		\$6,138
322 Accrued Compensated Absences - Current Portion	\$3,801	\$695	\$68	\$4,564		\$4,564
333 Accounts Payable - Other Government	\$11,214			\$11,214		\$11,214
341 Tenant Security Deposits	\$4,703			\$4,703		\$4,703
342 Unearned Revenue	\$1,444			\$1,444		\$1,444
345 Other Current Liabilities	\$10,495			\$10,495		\$10,495
346 Accrued Liabilities - Other	\$3,955			\$3,955		\$3,955
347 Inter Program - Due To	\$331	\$772		\$1,103	-\$1,103	\$0
310 Total Current Liabilities	\$49,536	\$2,318	\$342	\$52,196	-\$1,103	\$51,093
354 Accrued Compensated Absences - Non Current	\$1,663	\$269	\$26	\$1,958		\$1,958
350 Total Non-Current Liabilities	\$1,663	\$269	\$26	\$1,958	\$0	\$1,958
300 Total Liabilities	\$51,199	\$2,587	\$368	\$54,154	-\$1,103	\$53,051
508.4 Net Investment in Capital Assets	\$1,111,255		\$24,667	\$1,135,922		\$1,135,922
511.4 Restricted Net Position	\$0	\$3,897		\$3,897		\$3,897
512.4 Unrestricted Net Position	\$147,700	\$33,929	\$29,848	\$211,477		\$211,477
513 Total Equity - Net Assets / Position	\$1,258,955	\$37,826	\$54,515	\$1,351,296	\$0	\$1,351,296
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,310,154	\$40,413	\$54,883	\$1,405,450	-\$1,103	\$1,404,347

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2016**

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$148,743		\$4,200	\$152,943		\$152,943
70400 Tenant Revenue - Other	\$319			\$319		\$319
70500 Total Tenant Revenue	\$149,062	\$0	\$4,200	\$153,262	\$0	\$153,262
70600 HUD PHA Operating Grants	\$232,673	\$462,112		\$694,785		\$694,785
70610 Capital Grants	\$93,964			\$93,964		\$93,964
71100 Investment Income - Unrestricted	\$551	\$40		\$591		\$591
71400 Fraud Recovery		\$1,188		\$1,188		\$1,188
71500 Other Revenue	\$186	\$2,138		\$2,324		\$2,324
70000 Total Revenue	\$476,436	\$465,478	\$4,200	\$946,114	\$0	\$946,114
91100 Administrative Salaries	\$86,003	\$22,622	\$2,933	\$111,558		\$111,558
91200 Auditing Fees	\$7,332	\$969	\$149	\$8,450		\$8,450
91400 Advertising and Marketing	\$547	\$84	\$13	\$644		\$644
91500 Employee Benefit contributions - Administrative	\$27,546	\$9,311	\$1,399	\$38,256		\$38,256
91600 Office Expenses	\$13,104	\$2,302	\$267	\$15,673		\$15,673
91700 Legal Expense						
91800 Travel	\$155	\$6	\$1	\$162		\$162
91810 Allocated Overhead						
91900 Other	\$9,835	\$3,722	\$184	\$13,741		\$13,741
91000 Total Operating - Administrative	\$144,522	\$39,016	\$4,946	\$188,484	\$0	\$188,484
93100 Water	\$12,373			\$12,373		\$12,373
93200 Electricity	\$6,874			\$6,874		\$6,874
93300 Gas	\$1,678			\$1,678		\$1,678
93600 Sewer	\$15,675			\$15,675		\$15,675
93000 Total Utilities	\$36,600	\$0	\$0	\$36,600	\$0	\$36,600

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2016**

	Project Total	14.871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$68,885			\$68,885		\$68,885
94200 Ordinary Maintenance and Operations - Materials and Other	\$36,606			\$36,606		\$36,606
94300 Ordinary Maintenance and Operations Contracts	\$41,159		\$3,500	\$44,659		\$44,659
94500 Employee Benefit Contributions - Ordinary Maintenance	\$17,314			\$17,314		\$17,314
94000 Total Maintenance	\$163,964	\$0	\$3,500	\$167,464	\$0	\$167,464
96110 Property Insurance	\$14,240		\$575	\$14,815		\$14,815
96120 Liability Insurance	\$6,000	\$917	\$141	\$7,058		\$7,058
96130 Workmen's Compensation	\$3,911	\$602	\$92	\$4,605		\$4,605
96140 All Other Insurance	\$552			\$552		\$552
96100 Total insurance Premiums	\$24,703	\$1,519	\$808	\$27,030	\$0	\$27,030
96200 Other General Expenses	\$851	\$2,348		\$3,199		\$3,199
96210 Compensated Absences	\$11,790	\$2,396	\$223	\$14,409		\$14,409
96300 Payments in Lieu of Taxes	\$11,214			\$11,214		\$11,214
96400 Bad debt - Tenant Rents	\$546			\$546		\$546
96600 Bad debt - Other		\$1,120		\$1,120		\$1,120
96000 Total Other General Expenses	\$24,401	\$5,864	\$223	\$30,488	\$0	\$30,488
96900 Total Operating Expenses	\$394,190	\$46,399	\$9,477	\$450,066	\$0	\$450,066
97000 Excess of Operating Revenue over Operating Expenses	\$82,246	\$419,079	-\$5,277	\$496,048	\$0	\$496,048
97300 Housing Assistance Payments		\$400,051		\$400,051		\$400,051
97400 Depreciation Expense	\$177,692		\$1,250	\$178,942		\$178,942
90000 Total Expenses	\$571,882	\$446,450	\$10,727	\$1,029,059	\$0	\$1,029,059

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2016**

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Subtotal	ELIM	Total
10010 Operating Transfer In	\$13,009			\$13,009	-\$13,009	\$0
10020 Operating transfer Out	-\$13,009			-\$13,009	\$13,009	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$95,446	\$19,028	-\$6,527	-\$82,945	\$0	-\$82,945
11030 Beginning Equity	\$1,354,401	\$18,798	\$61,042	\$1,434,241		\$1,434,241
11170 Administrative Fee Equity		\$33,929		\$33,929		\$33,929
11180 Housing Assistance Payments Equity		\$3,897		\$3,897		\$3,897
11190 Unit Months Available	1080	1350	12	2442		2442
11210 Number of Unit Months Leased	1045	1248	12	2305		2305
11270 Excess Cash	\$119,487			\$119,487		\$119,487
11620 Building Purchases	\$118,338			\$118,338		\$118,338

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
SCHEDULE OF ACTUAL MODERNIZATION COST  
FOR THE YEAR ENDED JUNE 30, 2016**

The distribution of costs by major cost accounts as shown on the final Comprehensive Assessment/Program Budget and the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.

	<u><b>OK56P09650114</b></u>
Original Funds Approved	\$ <u>90,963</u>
Funds Disbursed	\$ <u>90,963</u>
Funds Expended (Actual Modernization Cost)	\$ <u>90,963</u>
Amount to be Recaptured	\$ <u>0</u>
Excess of Funds Disbursed	\$ <u>0</u>

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**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***

**INDEPENDENT AUDITOR'S REPORT**

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Wewoka, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the financial statements and have issued my report thereon dated March 17, 2017.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered the Housing Authority of the City of Wewoka's internal control over financial reporting (internal control) 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 Housing Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing 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 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.

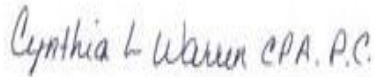
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material deficiencies or significant deficiencies. Given these limitations, during my audit I did not 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 financial statements are free of material misstatement, I performed tests of 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 statements 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 housing 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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cynthia L Warren CPA, P.C.  
Eufaula, Oklahoma  
March 17, 2017



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

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

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

I have audited the compliance of the Housing Authority of the City of Wewoka with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Wewoka's major federal programs for the year ended June 30, 2016. The Housing Authority of the City of Wewoka'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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

My responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Wewoka'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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Wewoka'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 for each major federal program. However, my audit does not provide a legal determination on the Housing Authority of the City of Wewoka's compliance.

**Opinion on Each Major Federal Program**

In my opinion, the Housing Authority of the City of Wewoka complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control over Compliance**

Management of the Housing Authority of the City of Wewoka 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 Housing Authority of the City of Wewoka's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Housing 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 award 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 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 the attention by those charge with governance.

My consideration of internal control was for the limited purpose as 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 my testing based on the requirements of The Uniform Guidance. Accordingly, this report is not suitable or any other purpose.

*Cynthia L Warren CPA, P.C.*

Cynthia L Warren CPA, P.C.  
Eufaula, Oklahoma  
March 17, 2017

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued:	Unmodified
Internal Control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified:	None Reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal Control over major programs:	
• Material weakness identified?	No
• Significant deficiencies 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
Identification of major programs:	
#14.850          Public and Indian Housing	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**HOUSING AUTHORITY OF THE CITY OF WEWOKA  
WEWOKA, OKLAHOMA  
SCHEDULE OF SUMMARY STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

The prior report on the audit of the financial statements as of and for the twelve months ended June 30, 2015, contained no findings.