

2011 & 2012 Stillwater Housing Authority

Financial Health Detailed Timeline

September 30, 2010 (End of Fiscal Year 2010)

Stillwater Housing Authority (SHA) reports total assets of \$7,097,172.

Net Assets at the beginning of the fiscal year for FYE 2011 are \$6,762,233.

Fiscal Year Ended September 30, 2011

Overall Financial Performance: Total Net Assets increase by \$74,976 to \$6,837,209.

Unrestricted Net Assets decrease by \$99,177.

Total Revenues decrease by \$556,687 (11%) from the prior year (\$5,204,027 in FYE 2010 to \$4,647,340 in FYE 2011). This is attributed to decreased rental income, HUD operating grants, capital grants, interest income, and other revenue.

Total Expenses decrease by \$74,700 (2%) from the prior year (\$4,647,064 in FYE 2010 to \$4,572,364 in FYE 2011).

Fraud Recovery increases by \$12,755 due to discovery of tenants defrauding the Authority.

Other Revenue decreases by \$424,301, due to insurance proceeds received in the prior year.

Gain/Loss on sale of fixed assets increases by \$6,351 due to sale and trade-in of several vehicles.

Administrative Expenses increase by \$24,125, due to an increase in administrative salaries (\$6,837) and administrative benefits (\$12,558).

Utilities Expenses increase by \$12,172 (water/sewer by \$5,163, electric by \$12,727), due to increases in consumption.

General Expenses increase by \$4,876, due to increases in property, general liability, and auto insurance.

Extraordinary Maintenance increases by \$31,983, due to repair of ruptured water lines.

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HAP Payments decrease by \$75,600 due to a reduction in units leased. Units leased decrease from 7,797 in the prior year to 7,418 in the current year.

HAP Portability-in costs decrease by \$86,403, due to a reduction in port-in units (from an average of 38 units leased per month to an average of 16 per month).

Depreciation Expense increases by \$28,081 due to several additions to fixed assets.

Capital Assets: Stillwater Housing Authority's investment in capital assets (land, building, construction in progress, and equipment) is \$3,729,808. Additions include an HVAC and hand dryers for the office (funded by 2009 and 2010 CFP) and a cabinet, countertop, and flooring project (funded by 2009 and 2010 CFP). The Authority also purchased a new vehicle.

Debt Administration: The Authority anticipates paying out an estimated \$11,228 for employee's leave as long-term debt.

June 25, 2012

John A. Blakeway, CPA, issues the independent auditor's report on the financial statements and supplemental data for the Stillwater Housing Authority for the fiscal year ended September 30, 2011. The report states a reasonable basis for opinion that financial statements are presented fairly in all material respects.

John A. Blakeway also issues reports on compliance and internal control for the fiscal year ended September 30, 2011, noting no material weaknesses in internal control over financial reporting or compliance with major federal programs.

September 30, 2012 (End of Fiscal Year 2012)

Overall Financial Performance: Total Net Assets decrease by \$416,332 (6%) to \$6,680,840. Unrestricted Net Assets decrease by \$142,552 from the previous year, primarily due to a reduction in the operating subsidy received by the Low Rent Program.

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Total Revenues decrease by \$357,687 (8%) from the prior year (\$4,647,340 in FYE 2011 to \$4,289,653 in FYE 2012). This is due to a reduction in capital improvement projects funded by the Capital Fund Program, elimination of rent paid from the Low Rent program to the Housing Choice Voucher program, and other revenue decrease.

Total Expenses increase by \$115,199 (3%) from the prior year (\$4,572,364 in FYE 2011 to \$4,687,563 in FYE 2012).

Tenant Revenue increases by \$19,259 due to an increase in the average rent per unit leased (from \$156 to \$167 per unit).

HUD Operating Grants decrease by \$194,904, primarily due to reduction in funding for the Low Rent program (\$121,690) and Housing Choice Voucher program (\$75,845).

Fraud Recovery increases by \$7,810 due to discovery of tenants defrauding the Authority.

Administration Expenses decrease by \$32,532, due to elimination of rent paid to the Low Rent program from the Housing Choice Voucher program.

Utilities Expenses decrease by \$7,667 (electric by \$3,880, gas by \$2,831) due to decreases in consumption.

Ordinary Maintenance increases by \$57,549 due to an increase in pest control expenses due to bed bugs.

General Expenses increase by \$16,422 due to higher dwelling rents and collection losses associated with fraud receivables from Housing Choice Voucher program.

Extraordinary Maintenance increases by \$37,850 due to repair of ruptured water lines.

HAP Payments increase by \$100,125 due to an increase in units leased (from 7,418 to 7,597 units).

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HAP Portability-in costs increase by \$6,048 due to an increase in port-in units (from an average of 16 units leased per month to an average of 18 units per month).

Capital Assets: Stillwater Housing Authority's investment in capital assets (land, building, construction in progress, and equipment) is \$3,554,666. Additions include a cabinet, countertop, and flooring project funded by the 2009 and 2010 CFP, and an instakey system funded by the 2011 CFP. A shop heater, washer and steam cleaner were also added. There is a decrease in construction in progress due to the transfer of completed projects to the buildings account.

Debt Administration: The Authority anticipates paying out an estimated \$17,208 for employee's leave as long-term debt.

Fiscal Year 2013 (Subsequent Event)

Due to potential HUD budget cuts, agencies like the Stillwater Housing Authority with more than 6 months of expenses in reserve (working capital) may be subject to a recapture.

If a recapture occurs, the Authority did not receive any operating income from HUD, and had to use reserves to stay operational.

The fiscal cliff in 2013 will delete an additional 8% from operating income that may be down as much as 20% without the fiscal cliff problem.

The HAP funding for the Housing Choice Voucher Program is reduced by \$119,207 due to a NRA offset for the 2012 calendar year.

June 23, 2013

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Cast of Characters

Stillwater Housing Authority (PHA): A non-profit governmental organization responsible for providing housing for qualified individuals in Stillwater, Oklahoma. It operates under the laws of the State and rules/regulations prescribed by HUD. The Mayor of Starr County appoints its Board of Commissioners. The PHA is financially accountable to the City and does not provide financial assistance to the City. Its operations are concentrated in low-income rental programs funded primarily through HUD.

Board of Commissioners: The governing body of the Stillwater Housing Authority. They hold the corporate powers of the organization and approve budgets for HUD programs.

Executive Director (Glen Redding): The principal participant in the PHA's retirement plan and the contact person for inquiries regarding the financial report. Based at 807 S. Lowry, Stillwater, OK 74074.

John A. Blakeway (Certified Public Accountant - CPA): The independent auditor responsible for conducting audits of the Stillwater Housing Authority's financial statements and compliance with government auditing standards. His reports cover the fiscal years ended September 30, 2011, and September 30, 2012. His office is located at P.O. Box 570, 105 W. Mansfield Hwy, Kennedale, Texas 76060.

U.S. Department of Housing and Urban Development (HUD): A federal agency that provides significant funding and oversight for the Stillwater Housing Authority's programs, including Low Rent Housing, Capital Fund Program, and Housing Choice Voucher Program. HUD regulations dictate many aspects of the Authority's operations, and changes in HUD funding directly impact the Authority's financial position.

Tenants: Individuals and families receiving housing assistance from the Stillwater Housing Authority. Their payments constitute "Tenant Revenue" for the Authority. Some instances of fraud by tenants were discovered, leading to "Fraud Recovery" revenue for the Authority.
Starr County Mayor: The individual responsible for appointing the PHA's Board of Commissioners.

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