

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH  
Fort Smith, Arkansas**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
AND AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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**HOUSING AUTHORITY OF THE CITY OF FORT SMITH  
Fort Smith, Arkansas**

**REPORT ON EXAMINATION  
OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2019**



## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Housing Authority of the City of Fort Smith  
Fort Smith, Arkansas 72904

Fort Worth Regional Office  
Public Housing Division  
801 Cherry Street, Unit #45, Suite 2500  
Fort Worth, Texas 76102

### ***Report on Financial Statements***

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Fort Smith as of and for the year ended December 31, 2019, and the related notes to the 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***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

### ***Opinion***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the City of Fort Smith, as of December 31, 2019, and the respective changes in financial position and, where appropriate, 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 Management's Discussion and Analysis, as listed in the table of contents, should be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Housing Authority of the City of Fort Smith. The accompanying Schedule of Expenditures of Federal Awards 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), as well as the Financial Data Schedules required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are 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.

This 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2020 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

  
Rector, Reeder & Lofton, P.C.  
Certified Public Accountants

Loganville, Georgia  
April 22, 2020

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH  
Fort Smith, Arkansas**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**DECEMBER 31, 2019**

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH  
FORT SMITH, ARKANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FYE: DECEMBER 31, 2019**

**Management's Discussion and Analysis**

The management of the Housing Authority of the City of Fort Smith offers the readers of the Authority's financial statements this narrative overview and analysis of the Authority's financial activities for the year ended December 31, 2019. This discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual fund issues or concerns. Readers should consider the information presented here in conjunction with the Authority's financial statements to obtain a full understanding of its financial position.

This management's discussion and analysis is presented in accordance with the requirements of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). We have made every effort to provide current and prior year data that allows the reader to gain an adequate understanding of the Authority's annual operating results and financial position as of December 31, 2019.

Questions concerning the information provided in this discussion or requests for additional information should be addressed to the Authority's Executive Director.

**Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$14,550,955 (net position) as opposed to \$14,555,057 for the prior fiscal year.
- The Authority's cash and investments as of December 31, 2019 totaled \$4,216,089 representing an increase of \$191,332 or 4.75% from December 31, 2018.
- The Authority had total revenues of \$10,447,464 and total expenses of \$10,451,566 for the year ended December 31, 2019.

**Authority-Wide Financial Statements**

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns that add to a total for the entire Authority.

These financial statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for the Authority. The Statement of Net Position is presented in a format where assets, minus liabilities, equal "Net Position," formerly

known as equity. Assets and liabilities are presented in order of liquidity, and are classified as “Current” (convertible into cash within one year), and “Non-current.”

The Statement of Net Position represents the available liquid (non-capital) assets minus liabilities for the entire Authority. Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component consists of Net Position that does not meet the definition of “Net Investment in Capital Assets,” or “Restricted Net Position.”

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position (similar to an Income Statement). This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the “Change in Net Position,” which is similar to Net Income or Loss.

Finally, a Statement of Cash Flow is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and from capital and related financing activities.

### Program Financial Statements

The Authority is engaged in several different business type activities. A description of those activities follows.

Rental Assistance Demonstration (RAD): On August 1, 2014, the Authority completed the Rental Assistance Demonstration (RAD) closing, converting 288 public housing units into a Section 8 Project-Based Rental Assistance Program funded development. This program allows for local ownership and management with project-based Housing Choice Voucher subsidies. The Authority expects that this conversion will allow for the continued preservation and improved flexibility of managing these units.

Housing Choice Voucher Program: Under the Housing Choice Voucher Program, the Authority administers contracts with landlords that own the property. The Authority subsidizes the family’s rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions



Funding to enable the Authority to structure a lease that sets the participants' rents at 30% of household income.

Moderate Rehabilitation Program (Mod Rehab): Under the Mod Rehab program, the Authority administers a project based contract with an independent landlord to assist low-income families with Section 8 Project based vouchers. We have an ACC Contract with HUD for 67 units of Mod Rehab. We have been involved with this program since 1983.

Other Federal Programs: The Housing Authority maintains other federal programs which are primarily designed to facilitate the mission of providing affordable housing in the Fort Smith area. This historically included a community development block grant which was funded from the City on certain properties. Currently the Housing Authority operates a Home Investment Partnership program as granted through the City of Fort Smith. Various properties are acquired and then sold to qualified recipients.

Home Investment Partnership: Our affordable housing program began in 1996 with a contribution of \$150,000 from Low Rent reserves which has now been reimbursed. To date we have constructed 100 homes with all of those being sold. Our goal is to assist as many low- to median-income families as possible to achieve self-sufficiency through homeownership. We do not currently receive these funds directly. We are a sub-recipient of funds as a result of partnership agreements with Crawford Sebastian Community Development Council and Next Step Homeless Services for the construction and sale of affordable housing.

Component Units: The Authority operates three 501(c)(3) nonprofit corporations to assist with its mission of furthering affordable housing. Nelson Hall Homes was formed in 2014 and became the owner of our previous Low Rent Public Housing units, effective July 29, 2014. The Authority has a management agreement in place and continues to operate the 288 units affected by the ownership change. Compass Realty & Construction Group was created to assist the Authority in better carrying out its real estate and construction services activities. Prior to July 2016 construction activities were accounted for under the Authority's HOME program. Strategic Community Investments (SCI) provides development, incentive, and supervisory management services to aide in the furtherance of affordable housing and any other community or economic development initiative. Internally these activities are accounted for separately, but for the purposes of this audit are included as part of the Authority's blended component unit. The Authority also has three development corporations, known as North Pointe, Inc., North Pointe II, Inc., and Clayton Heights, Inc. These entities act as conduits for financing agreements between the Authority and various development partners to provide affordable housing to residents of the Fort Smith area and serve as the general and managing partners of the Authority's limited partnerships.

Discrete Component Units: The Authority owns, along with investor limited partners, three limited partnerships known as North Pointe LP (Investor: Alliant Capital), North Pointe II LP (Investor: First National Bank of Fort Smith), and Clayton Heights Development LP (Investor: Alliant Capital). These entities were created to develop and own affordable housing developments financed partly by IRS Section 42 Low-Income Housing Tax Credits.

### Analysis of Authority-wide Net Position (Statement of Net Position)

	2019	2018	Change
<b>ASSETS</b>			
Cash and Investments	\$ 4,216,089	\$ 4,024,757	\$ 191,332
Other Current Assets	415,901	410,707	5,194
Assets Held for Sale	605,384	468,358	137,026
Other Noncurrent Assets	2,472,919	2,498,652	(25,733)
Capital Assets	8,684,813	7,767,306	917,507
Total Assets	\$ 16,395,106	\$ 15,169,780	\$ 1,225,326
<b>LIABILITIES</b>			
Current Liabilities	\$ 643,852	\$ 493,240	\$ 150,612
Noncurrent Liabilities	1,200,299	121,483	1,078,816
Total Liabilities	1,844,151	614,723	1,229,428
<b>NET POSITION</b>			
Invested in Capital Assets	7,486,764	7,627,306	(140,542)
Restricted	443,260	285,482	157,778
Unrestricted	6,620,931	6,642,269	(21,338)
Total Net Position	14,550,955	14,555,057	(4,102)
Total Liabilities and Net Position	\$ 16,395,106	\$ 15,169,780	\$ 1,225,326

Total Assets increased by \$1,225,326 or 8.08% from the prior year. Cash and Investments increased by \$191,332 or 4.75%, which is detailed in the accompanying statement of cash flows. Assets Held for Sale increased by \$137,026 or 29.26% due to additions in the current year. Capital Assets increased by \$917,507 or 11.81% due to capital asset acquisitions exceeding depreciation expense for the year. Other noncurrent assets decreased by \$25,733 or 1.03% due to the decrease in noncurrent notes receivable.

Total Liabilities increased by \$1,229,428 or 200%. Current liabilities increased by \$150,612 or 30.54%, due mainly to an increase in payables to vendors and HUD; \$266,635 due to the timing of payments and increased vacancies in the Mod Rehab program. Noncurrent liabilities increased by \$1,078,816 or 888.04% due to a new long-term note issued during the year from ADFA which is a fifteen-year forgivable note issued for the purchase of Cedar Court. The noncurrent balance of the note at December 31, 2019 is \$1,118,180.

Total Net Position decreased by \$4,102 or 0.03%. Investment in Capital Assets decreased by \$140,542 or 1.84%. Restricted Net Position increased by \$157,778 or 55.27% due to the inclusion of the Mainstream Vouchers program this year. Unrestricted Net Position decreased by \$21,338 or 0.32%. These changes are outlined in further detail on the Statement of Revenues, Expenses, and Changes in Net Position.

**Analysis of Entity-Wide Revenue and Expenses (Statement of Revenues, Expenses, and Changes in Net Position)**

The following table illustrates changes in revenue from FY 2018 to FY 2019.

	<u>2019</u>	<u>2018</u>	<u>Change</u>
REVENUE			
Tenant Revenue	\$ 860,022	\$ 973,484	\$ (113,462)
HUD Operating Grants	8,597,377	10,418,339	(1,820,962)
HUD Capital Grants	0	0	0
Other Governmental Grants	0	0	0
Proceeds from Disposition of Assets	2,593,230	3,059,935	(466,705)
Costs of Sale of Assets	(2,279,530)	(2,453,274)	173,744
Gain/(Loss) on Sale of Fixed Assets	60,077	56,181	3,896
Investment Income	39,407	46,051	(6,644)
Other Revenue	576,881	769,364	(192,483)
Total Revenue	<u>\$ 10,447,464</u>	<u>\$ 12,870,080</u>	<u>\$ (2,422,616)</u>

Total Revenue decreased by \$2,422,616 or 18.82% to \$10,447,464 during FY 2019. This decrease was due to the Authority reporting fifteen months of income in the prior year due to the change in year-end. Grant funding decreased by \$1,820,962 or 17.48%, which was due to decreased amounts in the HCV program. Net proceeds from dispositions decreased \$292,961 as did other revenue of \$192,483.

The following table illustrates changes in expenses from FY 2018 to FY 2019.

	<u>2019</u>	<u>2018</u>	<u>Change</u>
EXPENSES			
Administration	\$ 2,073,740	\$ 2,161,378	\$ (87,638)
Tenant Services	11,316	4,328	6,988
Utilities	310,687	398,325	(87,638)
Maintenance	532,270	580,984	(48,714)
General	287,309	331,309	(44,000)
Financial	4,592	6,384	(1,792)
Housing Assistance Payments	6,576,312	8,349,444	(1,773,132)
Depreciation	655,340	604,759	50,581
Total Expenses	<u>\$ 10,451,566</u>	<u>\$ 12,436,911</u>	<u>\$ (1,985,345)</u>

Total Expenses, across all Authority programs, decreased by \$1,985,345 or 15.96%.

Administrative expenses decreased by \$87,638 or 4.05%, utilities decreased by \$87,638 or 22.0%, maintenance costs decreased by \$48,714 or 8.38%, general expenses decreased \$44,000 or

13.28%, and HAP expense decreased by \$1,773,132 or 21.24% due to twelve months compared to fifteen in the prior period.

Tenant services increased by \$6,988 or 161.46% due to additional activities for tenants and tenant relocation expenses related to the acquisition of Cedar Court. Any tenant not income-eligible to remain in a HOME Investment Partnership funded development was given funds – in accordance with the Uniform Relocation Act – to assist with moving expenses and rental deposits.

Interest expense decreased by \$1,792 or 28.07% due to normal amortization.

Depreciation expense increased by \$50,581 or 8.36%.

### **Capital Assets**

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Land	\$ 487,853	\$ 659,376	\$ (171,523)
Buildings	13,277,098	12,218,870	1,058,228
Equipment	1,563,115	1,212,744	350,371
Construction in Progress	298,067	0	298,067
Accumulated Depreciation	<u>(6,941,320)</u>	<u>(6,323,684)</u>	<u>(617,636)</u>
Net Capital Assets	\$ <u>8,684,813</u>	\$ <u>7,767,306</u>	\$ <u>917,507</u>

Total Capital assets increased during the year to \$8,684,813, an increase of \$917,507 or 11.81%.

The following reconciliation summarizes changes in capital asset balances during FY 2019.

Balance as of October 1, 2018	\$ 7,767,306
Capital additions – Blended Component Units	1,023,900
Capital additions – Business Activities, HCV	549,396
Net disposition of assets	(449)
Depreciation expense	<u>(655,340)</u>
Balance as of December 31, 2019	\$ <u>8,684,813</u>

### **Debt Outstanding**

During FY2019, the Authority acquired a promissory note in the amount of \$1,198,049 for the purchase of Cedar Court. The loan bears 0.00% interest and is due in 15 equal installments of \$79,869.

## **Economic Factors**

Several significant economic and regulator factors are present that may impact the Authority in the future:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary, and employment trends, which can affect resident incomes and; therefore, the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs
- The spread of a novel strain of COVID-19 in 2020 has caused significant volatility in the U.S. Markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the financial performance, including unemployment rates and the ability for tenants to pay their rent, will depend on certain developments, including the duration and spread of the outbreak, which is uncertain and cannot be determined at this time.

## **Financial Contact**

Questions concerning any of the information provided in this Management's Discussion & Analysis should be addressed to:

Executive Director  
Housing Authority of the City of Fort Smith  
2100 North 31<sup>st</sup> Street  
Fort Smith, AR 72904  
479-782-4991 ext. 115

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**

**Fort Smith, Arkansas**

**STATEMENT OF NET POSITION**

**December 31, 2019**

**ASSETS**

	<b>Primary Government</b>	<b>Discrete Component Units</b>	<b>Total (Memorandum Only)</b>
<b><u>Current Assets</u></b>			
Cash & cash equivalents - unrestricted	\$ 3,674,219	\$ 482,925	\$ 4,157,144
Cash & cash equivalents - restricted	541,870	1,081,208	1,623,078
Accounts receivable, net	391,188	26,246	417,434
Prepaid expenses	24,713	48,836	73,549
Assets held for sale	<u>605,384</u>	<u>-</u>	<u>605,384</u>
 Total Current Assets	 <u>5,237,374</u>	 <u>1,639,215</u>	 <u>6,876,589</u>
 <b><u>Noncurrent Assets</u></b>			
Capital Assets:			
Land & improvements	487,853	4,205,147	4,693,000
Buildings	13,277,098	18,745,584	32,022,682
Construction in progress	298,067	-	298,067
Furniture & equipment	<u>1,563,115</u>	<u>840,296</u>	<u>2,403,411</u>
	15,626,133	23,791,027	39,417,160
Less: Accumulated depreciation	<u>(6,941,320)</u>	<u>(7,220,858)</u>	<u>(14,162,178)</u>
 Total Capital Assets	 8,684,813	 16,570,169	 25,254,982
 Other Noncurrent Assets:			
Notes receivable	1,492,015	-	1,492,015
Other assets	-	206,739	206,739
Investment in joint venture	<u>980,904</u>	<u>-</u>	<u>980,904</u>
 Total Noncurrent Assets	 <u>11,157,732</u>	 <u>16,776,908</u>	 <u>27,934,640</u>
 <b>TOTAL ASSETS</b>	 <u>\$ 16,395,106</u>	 <u>\$ 18,416,123</u>	 <u>\$ 34,811,229</u>

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

# **LIABILITIES & NET POSITION**

	<b>Primary Government</b>	<b>Discrete Component Units</b>	<b>Total (Memorandum Only)</b>
<b><u>Current Liabilities</u></b>			
Accounts payable	\$ 391,117	\$ 8,899	\$ 400,016
Accrued liabilities	89,636	267,800	357,436
Other current liabilities	43,180	9,072	52,252
Noncurrent debt - current portion	79,869	178,698	258,567
Unearned revenue	5,694	10,669	16,363
Tenant security deposits/escrow deposits	34,356	54,400	88,756
	<u>643,852</u>	<u>529,538</u>	<u>1,173,390</u>
Total Current Liabilities			
	<u>643,852</u>	<u>529,538</u>	<u>1,173,390</u>
<b><u>Noncurrent Liabilities</u></b>			
Long-term debt, net of current - capital projects	-	9,004,574	9,004,574
Accrued compensated absences	17,865	-	17,865
Loan liability - noncurrent	1,118,180	-	1,118,180
Trust deposits	64,254	-	64,254
	<u>1,200,299</u>	<u>9,004,574</u>	<u>10,204,873</u>
Total Noncurrent Liabilities			
	<u>1,200,299</u>	<u>9,004,574</u>	<u>10,204,873</u>
<b>TOTAL LIABILITIES</b>	<u>1,844,151</u>	<u>9,534,112</u>	<u>11,378,263</u>
<b><u>NET POSITION</u></b>			
Investment in Capital Assets	7,486,764	7,386,897	14,873,661
Restricted	443,260	-	443,260
Unrestricted	6,620,931	1,495,114	8,116,045
	<u>14,550,955</u>	<u>8,882,011</u>	<u>23,432,966</u>
TOTAL NET POSITION			
	<u>14,550,955</u>	<u>8,882,011</u>	<u>23,432,966</u>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<u>\$ 16,395,106</u>	<u>\$ 18,416,123</u>	<u>\$ 34,811,229</u>



**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Primary Government	Discrete Component Units	Total (Memorandum Only)
<b><u>Operating Revenues</u></b>			
Dwelling rent	\$ 860,022	\$ 1,618,112	\$ 2,478,134
Governmental grants & subsidy	8,597,377	-	8,597,377
Other income	890,581	18,060	908,641
<b>Total Operating Revenues</b>	<u>10,347,980</u>	<u>1,636,172</u>	<u>11,984,152</u>
<b><u>Operating Expenses</u></b>			
Administration	2,073,740	280,116	2,353,856
Tenant services	11,316	-	11,316
Utilities	310,687	11,155	321,842
Maintenance & operations	532,270	292,013	824,283
General expense	287,309	279,968	567,277
Housing assistance payments	6,576,312	-	6,576,312
Depreciation and amortization expense	655,340	759,753	1,415,093
<b>Total Operating Expense</b>	<u>10,446,974</u>	<u>1,623,005</u>	<u>12,069,979</u>
<b>Net Operating Income/(Loss)</b>	<u>(98,994)</u>	<u>13,167</u>	<u>(85,827)</u>
<b><u>Nonoperating Revenues/(Expenses)</u></b>			
Investment income	22,744	8,352	31,096
Notes Receivable - interest income	16,663	-	16,663
Gain/(Loss) on disposition of assets	60,077	-	60,077
Interest expense	(4,592)	(465,811)	(470,403)
<b>Net Nonoperating Revenues/(Expenses)</b>	<u>94,892</u>	<u>(457,459)</u>	<u>(362,567)</u>
<b>Increase/(Decrease) in Net Position</b>	<u>(4,102)</u>	<u>(444,292)</u>	<u>(448,394)</u>
Total Net Position - beginning	14,555,057	9,362,359	23,917,416
Equity distribution	<u>-</u>	<u>(36,056)</u>	<u>(36,056)</u>
<b>Total Net Position - ending</b>	<u>\$ 14,550,955</u>	<u>\$ 8,882,011</u>	<u>\$ 23,432,966</u>

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

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
Fort Smith, Arkansas

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Primary Government</b>	<b>Discrete Component Units</b>	<b>Total (Memorandum Only)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers and users	\$ 1,750,603	\$ 1,636,172	\$ 3,386,775
Governmental grants & subsidy - operations	8,597,377	-	8,597,377
Payments to suppliers	(719,806)	(412,808)	(1,132,614)
Payments for housing assistance	(6,576,312)	-	(6,576,312)
Payments to employees	(2,329,331)	(272,338)	(2,601,669)
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	<u>722,531</u>	<u>951,026</u>	<u>1,673,557</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest received	39,407	8,352	47,759
Proceeds from notes receivable	25,675	-	25,675
Investment in joint venture - net	58	-	58
Invested in assets held for sale - net	(137,026)	-	(137,026)
NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES	<u>(71,886)</u>	<u>8,352</u>	<u>(63,534)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Acquisition of capital assets - Blended Component Units	(1,023,900)	(18,906)	(1,042,806)
Acquisition of capital assets - Business Activities	(513,287)	-	(513,287)
Acquisition of capital assets - HCV	(36,109)	-	(36,109)
Proceeds from notes payable	1,198,049	-	1,198,049
Payments on mortgage/notes payable	(140,000)	(172,899)	(312,899)
Interest expense	(4,592)	(465,811)	(470,403)
Distribution to partners	-	(36,056)	(36,056)
Proceeds from disposition of capital assets	60,526	-	60,526
NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(459,313)</u>	<u>(693,672)</u>	<u>(1,152,985)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	191,332	265,706	457,038
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>4,024,757</u>	<u>1,298,427</u>	<u>5,323,184</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 4,216,089</u>	<u>\$ 1,564,133</u>	<u>\$ 5,780,222</u>

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

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
Fort Smith, Arkansas

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>Primary Government</b>	<b>Discrete Component Units</b>	<b>Total (Memorandum Only)</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Net Income/(Loss) from operations	\$ (98,994)	\$ 13,167	\$ (85,827)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation & amortization	655,340	759,753	1,415,093
Decrease (Increase) in accounts receivable, net	(1,969)	139,835	137,866
Decrease (Increase) in prepaid expenses	(3,225)	(2,541)	(5,766)
Increase (Decrease) in accounts payable	266,635	(3,467)	263,168
Increase (Decrease) in accrued liabilities	22,088	27,853	49,941
Increase (Decrease) in other current liabilities	(126,974)	14,926	(112,048)
Increase (Decrease) in security/trust deposits	9,630	1,500	11,130
<b>NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES</b>	<b>\$ 722,531</b>	<b>\$ 951,026</b>	<b>\$ 1,673,557</b>

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

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:**

**1. Introduction:**

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). The following summary of the more significant accounting policies is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

**2. Organization:**

The Housing Authority of the City of Fort Smith ("The Authority") is a public body and a body corporate and politic organized under the laws of the State of Arkansas for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the Mayor appoints a Governing Board, the Board of Commissioners, to designate its own management. The Board also appoints members to the Commission subject to the approval of the City Board of Directors. Additionally, the Authority has entered into annual contribution contracts with the U. S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related 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.

**3. Reporting Entity:**

In determining how to define the reporting entity, management has considered all potential component units by applying the criteria set forth in Section 2100 and 2600 of the *Codification of Government Accounting Standards Board and Financial Accounting Standards Board and Statement Number 14 and 61 of the Government Accounting Standards Board, the Financial Reporting Entity*.

**Financial Accountability** - The Authority is responsible for its debts, does not impose a financial burden on the City of Fort Smith and is entitled to all surpluses. No separate agency receives a financial benefit nor imposes a financial burden on the Authority.

**Appointment of a Voting Majority** - The Authority is governed by a Board of Commissioners with governance responsibilities over all activities related to all housing activities within the City of Fort Smith. The Board of Commissioners has decision making authority and the power to designate management. The members do not serve at the discretion of the City; i.e., they can be removed only for cause. The Authority's Board elects its own chairperson.

**Imposition of Will** - The City has no influence over the management, budget, or policies of the Authority. The Authority's Board of Commissioners has the responsibility to significantly influence the Authority's operations. This includes, but is not limited to, adoption of the budget, personnel management, sole title to, and residual interest in all assets (including facilities and properties), signing contracts, issuing bonds, and deciding which programs are to be provided.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**3. Reporting Entity: (Cont'd)**

On the basis of the application of these criteria, the Authority is a legally separate entity that is fiscally independent of other governments, and there are no other entities that are to be reported as component units of the Authority, except as stated below, nor should the Authority be included in the City's financial reports therefore, the Authority reports independently. During the review of the Authority's budgets, Annual Contributions Contract (ACC), minutes of the Board of Commissioner's meetings, cash receipts and cash disbursements for the reporting period disclosed that the Authority operated the following programs under ACC:

***Rental Assistance Demonstration (RAD) Program*** – As a result of the Authority's participation in the Congressionally-authorized Rental Assistance Demonstration program, the Low Rent Public Housing Program converted to private non-profit ownership by Nelson Hall Homes, the board of directors of which are also the Commissioners of the Fort Smith Housing Authority. The closing of that transaction was completed on July 29, 2014. Effective August 1, 2014 rental assistance to maintain the units' affordability was provided by 288 Project Based Vouchers to be managed by the Fort Smith Housing Authority. Accordingly, participation in the Capital Fund Program ended on July 29, 2014 and receipt of Operating Subsidy ended on December 31, 2014.

***Section 8 Housing Choice Voucher Program*** – This program provides rental assistance to help low-income families afford 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. This program consists of 1,624 units.

***Section 8 Moderate Rehabilitation Program*** – This program is a rental assistance program whereby rental assistance payments are restricted to particular units. The Authority has 67 units in this program.

***Home Investment Partnership*** – This program provides formula grants to States and localities that communities use to fund the purchase and rehabilitation of low income affordable housing.

***Component Units*** – The Authority operates three 501(c)(3) nonprofit corporations to assist with its mission of furthering affordable housing. Nelson Hall Homes was formed in 2014 and became the owner of our previous Low Rent Public Housing units, effective July 29, 2014. The Authority has a management agreement in place and continues to operate the 288 units affected by the ownership change. Compass Realty & Construction Group was created to assist the Authority in better carrying out its real estate and construction services activities. Prior to July 2016 construction activities were accounted for under the Authority's HOME program. Strategic Community Investments (SCI) provides development, incentive, and supervisory management services to aide in the furtherance of affordable housing and any other community or economic development initiative. Internally these activities are accounted for separately, but for the purposes of this audit are included as part of the Authority's blended component unit.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**3. Reporting Entity: (Cont'd)**

The Authority also has three development corporations, known as North Pointe, Inc., North Pointe II, Inc., and Clayton Heights, Inc. These entities act as conduits for financing agreements between the Authority and various development partners to provide affordable housing to residents of the Fort Smith area and serve as the general and managing partners of the Authority's limited partnerships.

**Discrete Component Units** – The Authority owns, along with investor limited partners, three limited partnerships known as North Pointe LP (Investor: Alliant Capital), North Pointe II LP (Investor: First National Bank of Fort Smith), and Clayton Heights Development LP (Investor: Alliant Capital). These entities were created to develop and own affordable housing developments financed partly by IRS Section 42 Low-Income Housing Tax Credits. These are included in the consolidated financial statements of the Housing Authority due to economic benefits, first right of refusal on the property, and financing debt.

**4. Basis of Presentation, Basis of Accounting and Measurement Focus:**

**Basis of Accounting** - The Authority uses the accrual basis of accounting in the proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

**Basis of Presentation** - The financial statements of the Authority are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Authority functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position and cash flows. All assets and liabilities associated with the Proprietary Fund's activities are included on the Statement of Net Position. Proprietary fund equity is segregated into three broad components: Net Investment in Capital Assets, Restricted Net Position and Unrestricted Net Position. The Authority uses the following fund:

**Enterprise fund** - This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

**5. Revenues and Expenses:**

Revenues and expenses are recognized in essentially the same manner as used in commercial accounting. Revenues relating to the Authority's operating activities including rental related income, interest income and other sources of revenues are recognized in the accounting period in which they are earned. Other major sources of revenues include the operating subsidy from HUD and other HUD funding for capital and operating expenses.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**6. Encumbrances:**

Encumbrances represent commitments related to unperformed contracts for goods or services. The Authority does not utilize encumbrance accounting.

**7. Budgets:**

The Authority adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Authority prepares annual operating budgets that are formally adopted by its Governing Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

**8. Inventories:**

Inventories are recorded at average cost. The consumption method is used to account for inventories. Under the consumption method, inventories are charged to expense when consumed.

**9. Capital Assets and Depreciation:**

Capital assets are stated at historical cost. Donated capital assets are stated at their market value on the date donated. This includes site acquisition and improvement, structures and equipment. All infrastructure assets were capitalized at the conclusion of development then dedicated to the City for maintenance and repairs. Depreciation of exhaustible capital assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. A minimum value of \$5,000 per item is assigned for asset capitalization. The Authority uses the straight-line method for depreciation.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings & improvements	15-30 years
Furniture, fixtures & equipment	5-7 years
Vehicles	5 years

**10. Collection Losses:**

Collection losses on accounts receivable are expensed, in the appropriate Fund, on the specific write-off method.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**11. Insurance:**

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Authority. The Authority secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Authority had the required coverage in force.

**12. Cash and Investments:**

1. The Authority cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased to be cash equivalents.
2. Investments are stated at market value, except for U. S. Treasury Bills, which are reported at amortized cost. Investment securities are normally held to mature at par value and adjustments are made to the investment portfolio to reflect increases/(decreases) in gains made.

**13. Compensated Absences:**

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No.16, ***Accounting for Compensated Absences***, the Authority accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates. Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay is recorded as an expense and related liability in the year earned by employees.

**14. Operating Revenue:**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for rents. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies, for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to net position below the nonoperating revenue and expense.



**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)**

**15. The terms of the Board are as follows:**

Richard Griffin, Chairperson	March 2022
Rick Foti, Vice-Chairperson	March 2023
Alex Sanchez	March 2021
Barbara Meadows	March 2024
Rex Terry	March 2020

In addition to the above Commissioners, the Administrator of the Housing Authority is Mitch Minnick, who serves on the Board as Secretary and is the Executive Director. Based upon the above criteria, all the operations of the Authority are included in these financial statements and there are no operations or component units that have been excluded from this report.

**16. New Pronouncements:**

No new pronouncements were implemented in the current fiscal year that would have a material effect on the financial statements.

**NOTE B - CASH AND INVESTMENTS:**

All the deposits of the Housing Authority of the City of Fort Smith are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in these units' names.

At December 31, 2019, the Authority's primary government cash deposits had a carrying amount of \$4,216,089 and a bank balance of \$4,299,363. Of the bank balances held, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

**Interest rate risk** - As a means of limiting its exposure to market value losses arising from rising interest rates, the Authority's typically limits its investment portfolio to Federal Securities with maturities of 12 months or less. The Housing Authority of the City of Fort Smith has no specific policy regarding interest rate risk.

**Credit risk** - The Authority has no policy regarding credit risk.

**Custodial credit risk** - For an investment, the custodial risk 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 investments or collateral securities that are in the possession of an outside party. All of the PHA's deposits are in First National Bank of Fort Smith and BancorpSouth. The Authority has no policy on custodial credit risk.

**Concentration of credit risk** - The Authority places no limit on the amount that it may invest in any one issuer. All of the Authority's investments are in one-year maturity CD's with First National Bank of Fort Smith and Simmons First National Bank.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
Fort Smith, Arkansas

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE B - CASH AND INVESTMENTS: (Cont'd)**

***Restricted cash:***

Reserve for Replacement – Nelson Hall	\$ 133,679
Reserve for Replacement – Cedar Court	152,047
Mainstream equity	79,598
HAP equity	77,936
Tenant security deposits	34,356
FSS Escrow	<u>64,254</u>
	<u>\$ 541,870</u>

The Restricted Net Position at December 31, 2019 was \$443,260 and is made up of the Reserve for Replacement for Nelson Hall Homes of \$133,679, for Cedar Court of \$152,047, the HAP equity amount of \$77,936 for HCV and \$79,598 in Mainstream Vouchers.

**COLLATERALIZATION:**

<u>Security</u>	<u>Cusip</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Market Value</u>
<b>Bancorpsouth Bank</b>				
FHLB	3130ADTD4	03/15/21	2.485%	\$ 2,450,000
FCSB	31331VHA7	10/25/22	5.250%	200,000
<b>Federal Reserve Bank</b>				
FHLB	3130A0EN6	12/10/21	2.875%	511,188
FHLB	3130AF2D8	10/15/20	2.860%	307,806
FFCB	3133EGKD6	10/05/21	1.625%	397,399
FFCB	3133EKGL4	04/09/21	2.440%	1,252,418
FNR	3136B4NN4	05/25/49	2.500%	382,399
FNR	3136B4NN4	05/25/49	2.500%	42,489
FNR	31398S4S9	01/26/26	3.500%	<u>188,449</u>
				<u>\$ 5,732,148</u>

***Discrete Component Units:***

Cash and cash equivalents as of December 31, 2019, consisted of the following:

Unrestricted cash	\$ 482,925
Restricted for reserves	1,024,344
Restricted for tenant security deposits	<u>56,864</u>
	<u>\$ 1,564,133</u>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE C - ACCOUNTS & ACCRUED RECEIVABLES:**

Accounts and accrued receivable at December 31, 2019, consisted of the following:

Tenants (net of allowance of \$54,536)	\$ 10,015
Accounts receivable – Hope Campus	6,097
Accounts receivable – SCI	46,495
Accounts receivable – Red Barn Development	24,233
Accounts receivable – Bailey Heights LP & Inc.	2,255
Accounts receivable – constructions projects	277,077
Accounts receivable – miscellaneous	<u>25,016</u>
	<u>\$ 391,188</u>

The above payable balance excludes \$112,964 of interfund balances that have been eliminated as a result of financial statement consolidation. Additional details on the composition of these balances are included in Note J.

***Discrete Component Units:***

Accounts receivable as of December 31, 2019, consisted of the following:

Tenants (net of allowance of \$98,489)	\$ 23,498
Miscellaneous	<u>2,748</u>
	<u>\$ 26,246</u>

**NOTE D - PREPAID CHARGES & OTHER ASSETS:**

Prepaid charges and other assets at December 31, 2019, consisted of the following:

Prepaid insurance and other assets	\$ 24,713
Assets Held for Sale – Strategic Community Investments	380,008
Assets Held for Sale – Business Activities	<u>225,376</u>
	<u>\$ 630,097</u>

***Discrete Component Units:***

Prepaid charges as of December 31, 2019, consisted of the following:

Prepaid insurance	<u>\$ 48,836</u>
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**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE E - CAPITAL ASSETS:**

The following is a summary of changes in capital assets during the year ended December 31, 2019:

<b>Enterprise Activities:</b>	<u>Balance @ 12/31/18</u>	<u>Transfers/ Additions</u>	<u>Dispositions / Transfers</u>	<u>Depreciation</u>	<u>Balance @ 12/31/2019</u>
<b>Capital Assets:</b>					
Land	\$ 659,376	\$ 100,175	\$ (271,698)	\$ -	\$ 487,853
Buildings	12,218,870	1,058,228	-	-	13,277,098
Furniture & Equipment	1,212,744	388,524	(38,153)	-	1,563,115
Construction in Process	-	26,369	271,698	-	298,067
<b>Total Capital Assets</b>	14,090,990	1,573,296	(38,153)	-	15,626,133
<b>Accumulated Depreciation:</b>					
Buildings	(6,061,900)	-	-	(469,640)	(6,531,540)
Furniture & Equipment	(261,784)	-	37,704	(185,700)	(409,780)
	(6,323,684)	-	37,704	(655,340)	(6,941,320)
<b>Net Capital Assets</b>	<u>\$ 7,767,306</u>	<u>\$ 1,573,296</u>	<u>\$ (449)</u>	<u>\$ (655,340)</u>	<u>\$ 8,684,813</u>

The following activities affected capital assets during the audit period:

Balance as of October 1, 2018	\$ 7,767,306
Capital additions – Blended Component Units	1,023,900
Capital additions – Business Activities, HCV	549,396
Net disposition of assets	(449)
Depreciation expense	<u>(655,340)</u>
Balance as of December 31, 2019	<u>\$ 8,684,813</u>

<b>Discrete Component Units:</b>	<u>Balance @ 12/31/18</u>	<u>Transfers/ Additions</u>	<u>Dispositions / Transfers</u>	<u>Depreciation</u>	<u>Balance @ 12/31/2019</u>
<b>Capital Assets:</b>					
Land and improvements	\$ 4,186,241	\$ 18,906	\$ -	\$ -	\$ 4,205,147
Buildings	18,745,584	-	-	-	18,745,584
Furniture & Equipment	840,296	-	-	-	840,296
Construction in Process	-	-	-	-	-
<b>Total Capital Assets</b>	23,772,121	18,906	-	-	23,791,027
Accumulated Depreciation	<u>(6,484,743)</u>	-	-	(736,115)	<u>(7,220,858)</u>
<b>Net Capital Assets</b>	<u>\$ 17,287,378</u>	<u>\$ 18,906</u>	<u>\$ -</u>	<u>\$ (736,115)</u>	<u>\$ 16,570,169</u>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE F - NOTES RECEIVABLE:**

The Home Investment Partnership Program and the Community Development Block Grant participate in granting notes receivable consisting of "soft" second mortgages to provide down payment assistance. These notes are allocated according to which program built the home. The note is amortized over a ten year term contingent on the homebuyer's continued ownership and occupation of the home. At December 31, 2019, \$253,099 was remaining in the HOME program.

On December 5, 2012, the Authority entered into a 35-year mortgage agreement with the Clayton Heights Development, LP for Phase II of the Clayton Heights project. The total principal amount of the loan was \$332,339, and it accrues interest at an annual rate of 5.00%. All accrued and unpaid principal and interest are due at the maturity date of December 5, 2047. At December 31, 2019, the full principal balance and \$117,872 in accrued interest was outstanding.

On April 3, 2007, the Authority entered into a 30-year loan agreement with North Pointe, Inc. for Phase I of the North Pointe project. The total principal amount of the loan was \$56,818, and it accrues interest at an annual rate of 4.81%. All accrued and unpaid principal and interest are due at the maturity date of April 3, 2037. At December 31, 2019, the full principal balance and \$34,948 in accrued interest was outstanding.

On April 7, 2010, the Authority entered into a loan agreement with North Pointe II, Inc. for Phase II of the North Pointe project. The total principal amount of the loan was \$251,070, and it accrues interest at an annual rate of 4.35%. All accrued and unpaid principal and interest are due at the maturity date of April 7, 2051. At December 31, 2019, the full principal balance and \$106,669 in accrued interest was outstanding.

During FY2018, the Authority recorded a receivable from Riverview Hope Campus as a miscellaneous receivable in the amount of \$392,586. During the current fiscal year, this receivable has been reclassified to a long-term note receivable. At December 31, 2019, the outstanding balance is \$339,203 and is considered noncurrent.

Notes receivable consisted of the following at December 31, 2019:

	Balance as of 12/31/18	Change in Notes & (Forgiven) in FY2019	Accrued Interest	Balance as of 12/31/19	Current
Riverview Hope Campus	\$ 336,395	\$ -	\$ 2,808	\$ 339,203	\$ -
HCV	-	-	-	-	-
HOME	311,937	(58,838)	-	253,099	-
Clayton Heights Development, LP	433,548	-	16,663	450,211	-
North Pointe, Inc.	89,026	-	2,740	91,766	-
North Pointe II, Inc.	<u>346,784</u>	<u>-</u>	<u>10,952</u>	<u>357,736</u>	<u>-</u>
	\$ <u>1,517,690</u>	\$ <u>(58,838)</u>	\$ <u>33,163</u>	\$ <u>1,492,015</u>	\$ <u>-</u>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE G - INVESTMENT IN JOINT VENTURES:**

Investments in joint ventures at December 31, 2019, consisted of the following:

North Pointe Limited Partnership	\$ 73,373
North Pointe II Limited Partnership	907,641
Clayton Heights Development Limited Partnership	<u>(110)</u>
	<u>\$ 980,904</u>

**NOTE H - OTHER ASSETS:**

Other assets held by the Discrete Component Units as of December 31, 2019, consisted of the following:

***Discrete Component Units:***

Deferred fees, net of amortization	\$ 62,115
Tax credit monitoring fees, net of amortization	28,266
Loan issuance costs, net of amortization	<u>116,358</u>
	<u>\$ 206,739</u>

**NOTE I - ACCOUNTS PAYABLE:**

Accounts payable consisted of the following at December 31, 2019:

Vendors and contractors payable	\$ 128,191
A/P – HUD	262,926
Tenant security deposits	<u>34,356</u>
	<u>\$ 425,473</u>

The above payable balance excludes \$112,964 of interfund balances that have been eliminated as a result of financial statement consolidation. Additional details on the composition of these balances are included in Note J.

***Discrete Component Units:***

Accounts payable as of December 31, 2019, consisted of the following:

Vendors and contractors payable	\$ 8,899
Accrued interest payable	259,486
Tenant security deposits	<u>54,400</u>
	<u>\$ 322,785</u>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE I - OTHER CURRENT LIABILITIES:**

Other current liabilities consisted of the following at December 31, 2019:

Accrued compensated absences - current portion	\$ 76,790
Accrued wages/taxes payable	12,846
Current portion of long-term debt	79,869
Merit based pay	24,704
ADFA monitoring	10,500
P-card pay	7,976
Unearned revenue	<u>5,694</u>
	<u>\$ 218,379</u>

***Discrete Component Units:***

Accrued compensated absences - current portion	\$ 2,257
Accrued wages/taxes payable	567
Current portion of long-term debt	178,698
Other current liabilities	9,072
Other accrued liabilities	5,490
Unearned revenue	<u>10,669</u>
	<u>\$ 206,753</u>

**NOTE J - INTERFUND ACCOUNTS:**

As of December 31, 2019, the following interfund activities existed and have been eliminated as part of the consolidation of the financial statements.

	<u>Due To</u>	<u>Due From</u>
Business Activities	\$ 75,063	\$ 31,032
Low Rent	0	0
HCV	6,810	32,958
Mod Rehab	0	7,439
Blended Component Unit	31,091	40,594
Mainstream	<u>0</u>	<u>941</u>
	<u>\$ 112,964</u>	<u>\$ 112,964</u>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE K - NONCURRENT LIABILITIES:**

Noncurrent liabilities consisted of the following at December 31, 2019:

FSS Escrow deposits	\$ 64,254
Accrued compensated absences - noncurrent portion	<u>17,865</u>
	<u>\$ 82,119</u>

	Balance at <u>10/1/2018</u>	Adjustments/ <u>Increases</u>	<u>Decreases</u>	Balance at <u>12/31/2019</u>	Current Portion of Balance
Compensated absences	\$ 78,907	\$ 15,748	\$ -	\$ 94,655	\$ 76,790
FSS Escrow Deposits	<u>58,264</u>	<u>50,780</u>	<u>(44,790)</u>	<u>64,254</u>	<u>-</u>
	<u>\$ 137,171</u>	<u>\$ 66,528</u>	<u>\$ (44,790)</u>	<u>\$ 158,909</u>	<u>\$ 76,790</u>

**NOTE L - LONG TERM DEBT:**

During FY2019, the Authority acquired a promissory note in the amount of \$1,198,049 for the purchase of Cedar Court. The loan bears 0.00% interest and is due in 15 equal installments of \$79,869.

***Discrete Component Units:***

As of December 31, 2019, long-term debt consisted of the following:

First mortgage construction loan, First National Bank of Fort Smith	\$ 2,757,600
HOME loan, Arkansas Development Finance Authority	233,207
Mortgage loan, Arkansas Development Finance Authority	99,635
Mortgage loan, Housing Authority of the City of Fort Smith	332,339
Mortgage loan, Greystone Servicing Corporation	1,276,582
HOME loan, Arkansas Development Finance Authority	353,748
CDBG loan, North Pointe, Inc.	56,818
Mortgage loan, Prudential Huntoon Paige Associates	3,472,569
HOME loan, Arkansas Development Authority	349,704
Mortgage loan, North Pointe II, Inc.	<u>251,070</u>
Total	\$ 9,183,272
Less current maturities	<u>(178,698)</u>
Net long-term portion	<u>\$ 9,004,574</u>



**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE M - PENSION PLAN:**

The Authority has a defined contribution plan covering all eligible employees who elect to participate. The Executive Director is responsible for establishing and amending the plan's provisions. An employee becomes eligible on the first day of the month after completing six months of continuous employment. As of December 31, 2019, there were 28 employees enrolled. The Authority is required to contribute 8.5% of a participating employee's compensation to the plan, while the employee contributes 5.5%. Vesting occurs over a period of 5 years at 20% per year. Covered payroll for the year was \$1,263,061. The Authority's contributions to the plan were \$107,360 and the employees' contributions were \$70,768.

Other than the pension information listed above, the Authority does not participate in postemployment or any other employee benefit plans.

**NOTE N - RELATED PARTY TRANSACTIONS:**

The Housing Authority had amounts advanced to tax credit partnerships as noted in Note F & G to the financial statements for Clayton Heights Development, L.P., North Pointe, L.P., and North Pointe II, L.P.

Additionally, Strategic Community Investments has been added as a blended component unit. This entity has paid for certain operating activities and common space owned by the Housing Authority. All transactions for this entity are kept in a separate balancing set of accounts and are managed by the Housing Authority. During the year, the Housing Authority has paid the Strategic Community Investments, Inc. an incentive and supervisory fee in the amount of \$264,977 as a result of surplus cash on the Nelson Hall Homes, North Pointe, Inc, and North Pointe II, Inc.

**NOTE O - ANNUAL CONTRIBUTIONS BY FEDERAL AGENCIES:**

***Housing Choice Voucher Program*** - Section 8 programs provide for housing assistance payments to private owners of residential units on behalf of eligible low or very low-income families. The program provides for such payments with respect to existing and moderately rehabilitated housing covering the difference between the maximum rental on a dwelling unit, and the amount of rent contribution by a participating family and related administrative expense. HUD contributions for the year ended December 31, 2019 were as follows:

Housing Choice Vouchers	<u>\$ 7,980,434</u>
-------------------------	---------------------

**NOTE P - ECONOMIC DEPENDENCY:**

Both the PHA Owned Housing Program and the Housing Choice Voucher Program are economically dependent on annual contributions and grants from HUD. Both programs operate at a loss prior to receiving the contributions and grants.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**  
(Continued)

**NOTE Q - RISK MANAGEMENT:**

The Authority is exposed to all common perils associated with the ownership and rental of real estate properties. A risk management program has been established to minimize loss occurrence and to transfer risk through various levels of insurance. Property, casualty, employee dishonesty and public officials' liability forms are used to cover the respective perils. Commercial carriers insure all common perils such as business auto, computer and other miscellaneous policies.

**NOTE R - COMMITMENTS & CONTINGENCIES:**

**Legal:**

The Authority may be party to various pending or threatened legal actions arising from the normal course of operations. It is the Authority's opinion that any resulting liability is not expected to have a material effect on the Authority's financial position.

**Grants and contracts:**

The Authority participates in various federally-assisted grant programs that are subject to review and audit by the grantor agencies. Entitlement to these resources is generally conditional based upon compliance with terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the Authority. There were no such liabilities recorded as of December 31, 2019.

**NOTE S - IMPAIRMENT OF CAPITAL ASSETS:**

In accordance with new financial reporting standards issued by the Government Accounting Standards Board's, Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" requires certain note disclosures. There were no permanent impairments experienced by the Housing Authority that required material adjustments to the Statement of Net Position.

**NOTE T - SUBSEQUENT EVENTS:**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through April 22, 2020 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

The spread of a novel strain of coronavirus (COVID-19) in 2020 has caused significant volatility in the U.S. Markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. The extent of the impact of COVID-19 on the financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on residents, employees and vendors, all of which are uncertain and cannot be determined at this time.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**SINGLE AUDIT SECTION**

**DECEMBER 31, 2019**



**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 Fort Smith  
Fort Smith, Arkansas 72904

Fort Worth Regional Office  
Public Housing Division  
801 Cherry Street, Unit #45, Suite 2500  
Fort Worth, Texas 76102

We 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 and the aggregate discretely presented component units of the Housing Authority of the City of Fort Smith, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Fort Smith's basic financial statements, and have issued our report thereon dated April 22, 2020.

**Internal Control Over Financial Reporting**

Management of the Housing Authority of the City of Fort Smith is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rector, Reeder & Lofton, PC  
Certified Public Accountants

Loganville, Georgia  
April 22, 2020



## **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 Fort Smith  
Fort Smith, Arkansas 72904

Fort Worth Regional Office  
Public Housing Division  
801 Cherry Street, Unit #45, Suite 2500  
Fort Worth, Texas 76102

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

We have audited the Housing Authority of the City of Fort Smith'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 Housing Authority of the City of Fort Smith's major federal programs for the year ended December 31, 2019. The Housing Authority of the City of Fort Smith'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 each of its major federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Fort Smith's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Fort Smith's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Housing Authority of the City of Fort Smith's compliance with those requirements.

### **Opinion on Each Major Federal Program**

In our opinion, the Housing Authority of the City of Fort Smith complied, in all material respects, with the 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, 2019.

## Report on Internal Control Over Compliance

The management of the Housing Authority of the City of Fort Smith is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the City of Fort Smith'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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on 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). Accordingly, this report is not suitable for any other purpose.

  
Rector, Reeder & Lofton, PC  
Certified Public Accountants

Loganville, Georgia  
April 22, 2020

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH  
Fort Smith, Arkansas**

**STATUS OF PRIOR AUDIT FINDINGS**

The prior audit report for the period ended December 31, 2018, contained no formal audit findings.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

***Section I – Summary of Auditor's Results:***

***Financial Statements***

Type of report issued on the financial statements:

**Unmodified**

Internal control over financial reporting:

Material weakness(es) identified?

**No**

Significant Deficiency(ies) identified not  
considered to be material weaknesses?

**None reported**

Noncompliance material to the financial statements noted?

**No**

***Federal Awards***

Internal controls over major programs:

Material weakness(es) identified?

**No**

Significant Deficiency(ies) identified not  
considered to be material weaknesses?

**None reported**

Type of report issued on the compliance for major programs:

**Unmodified**

Any audit findings disclosed that are required to be reported under 2 CFR §200.516(a)?

**No**

Identification of major programs:

➤ Section 8 Housing Choice Vouchers Program                      CFDA #14.871

Dollar threshold used to distinguish between Type A and Type B programs:

**\$750,000**

Did the Authority qualify as a low-risk auditee?

**Yes**

***Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS:***

NONE REPORTED

***Section III – Federal Award Findings and Questioned Costs for Federal Awards:***

NONE REPORTED



**HOUSING AUTHORITY OF THE CITY OF FORT SMITH  
Fort Smith, Arkansas**

**SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2019**

**Housing Authority of the City of Fort Smith  
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS  
December 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	<u>Blended Component Unit</u>	<u>Home Investment Partnership Program 14.258</u>	<u>Section 8 Moderate Housing Assistance 14.856</u>	<u>Section 8 Housing Choice Vouchers 14.871</u>
<b>ASSETS:</b>					
<b>CURRENT ASSETS:</b>					
Cash:					
111	Cash - unrestricted	\$ 1,347,404	\$ 0	\$ 479,488	\$ 1,532,221
112	Cash - restricted modernization and development	0	0	0	0
113	Cash - other restricted	133,679	0	0	142,190
114	Cash - tenant security deposits	32,681	0	0	0
115	Cash - restricted for payment of current liabilities	0	0	0	0
100	Total Cash	1,513,764	0	479,488	1,674,411
Accounts and notes receivables:					
121	Accounts receivable - PHA projects	0	0	0	0
122	Accounts receivable - HUD	0	0	0	0
124	Accounts receivable - other government	0	0	0	0
125	Accounts receivable - miscellaneous	329,061	0	2	6,754
126	Accounts receivable - tenants rents	62,141	0	0	0
126.1	Allowance for doubtful accounts - tenants	(53,896)	0	0	0
126.2	Allowance for doubtful accounts - other	0	0	0	0
127	Notes Receivable - current	0	0	0	0
128	Fraud Recovery	0	0	0	0
128.1	Allowance for doubtful accounts - fraud	0	0	0	0
129	Accrued interest receivable	141,615	0	0	0
120	Total receivables - net	478,921	0	2	6,754
Current investments:					
131	Investments - unrestricted	0	0	0	0
132	Investments - restricted	0	0	0	0
135	investments - restricted for payment of current liabilities	0	0	0	0
142	Prepaid expenses and other assets	10,158	0	105	11,579
143	Inventories	0	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0
144	Interprogram due from	31,091	0	0	6,810
145	Assets held for sale	380,008	0	0	0
150	TOTAL CURRENT ASSETS	2,413,942	0	479,595	1,699,554
<b>NONCURRENT ASSETS:</b>					
Capital Assets:					
161	Land	229,884	0	0	0
162	Buildings	12,395,395	0	0	3,815
163	Furniture & equipment - dwellings	1,019,010	0	0	0
164	Furniture & equipment - administration	191,328	0	0	333,309
165	Improvements	0	0	0	0
166	Accumulated depreciation	(6,717,258)	0	0	(190,905)
167	Construction in progress	0	0	0	0
168	Infrastructure	0	0	0	0
160	Total capital assets - net	7,118,359	0	0	146,219
171	Notes receivable - noncurrent	307,888	253,099	0	0
172	Notes receivable - noncurrent past due	0	0	0	0
173	Grants receivable	0	0	0	0
174	Other assets	0	0	0	0
176	Investment in joint ventures	980,904	0	0	0
180	TOTAL NONCURRENT ASSETS	8,407,151	253,099	0	146,219
200	DEFERRED OUTFLOW OF RESOURCES	0	0	0	0
290	TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES	\$ 10,821,093	\$ 253,099	\$ 479,595	\$ 1,845,773

Mainstream Vouchers 14.879	Business Activities	Discrete Component Unit	Elimination	TOTAL
\$ 1,737	\$ 313,369	\$ 482,925	\$ 0	\$ 4,157,144
0	0	0	0	0
79,598	152,047	1,024,344	0	1,531,858
0	1,675	56,864	0	91,220
0	0	0	0	0
81,335	467,091	1,564,133	0	5,780,222
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	45,356	2,748	0	383,921
0	2,410	121,987	0	186,538
0	(640)	(98,489)	0	(153,025)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	(141,615)	0
0	47,126	26,246	(141,615)	417,434
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	2,871	48,836	0	73,549
0	0	0	0	0
0	0	0	0	0
0	75,063	0	(112,964)	0
0	225,376	0	0	605,384
81,335	817,527	1,639,215	(254,579)	6,876,589
0	257,969	281,897	0	769,750
0	877,888	18,745,584	0	32,022,682
0	0	0	0	1,019,010
0	19,468	840,296	0	1,384,401
0	0	3,923,250	0	3,923,250
0	(33,157)	(7,220,858)	0	(14,162,178)
0	298,067	0	0	298,067
0	0	0	0	0
0	1,420,235	16,570,169	0	25,254,982
0	1,238,916	0	(307,888)	1,492,015
0	0	0	0	0
0	0	0	0	0
0	0	206,739	0	206,739
0	0	0	0	980,904
0	2,659,151	16,776,908	(307,888)	27,934,640
0	0	0	0	0
\$ 81,335	\$ 3,476,678	\$ 18,416,123	\$ (562,467)	\$ 34,811,229

**Housing Authority of the City of Fort Smith  
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS  
December 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	<u>Blended Component Unit</u>	<u>Home Investment Partnership Program 14.258</u>	<u>Section 8 Moderate Housing Assistance 14.856</u>	<u>Section 8 Housing Choice Vouchers 14.871</u>
<b>LIABILITIES AND NET POSITION:</b>					
<b>LIABILITIES:</b>					
CURRENT LIABILITIES:					
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable < = 90 days	110,290	0	0	14,477
313	Accounts payable > 90 days	0	0	0	0
321	Accrued salaries/payroll withholding	4,783	0	0	3,174
322	Accrued compensated absences	21,982	0	0	22,711
324	Accrued contingency liability	0	0	0	0
325	Accrued interest payable	141,615	0	0	0
331	Accounts payable - HUD PHA programs	0	0	262,926	0
332	Accounts payable - PHA projects	0	0	0	0
333	Accounts payable - other gov.	0	0	0	0
341	Tenant security deposits	32,681	0	0	0
342	Unearned revenue	1,126	0	0	0
343	Current portion of L-T debt - capital projects	0	0	0	0
344	Current portion of L-T debt - operating	0	0	0	0
345	Other current liabilities	5,267	0	0	1,031
346	Accrued liabilities - other	0	0	0	0
347	Interprogram (due to)	40,594	0	7,439	32,958
348	Loan liability - current	0	0	0	0
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>358,338</b>	<b>0</b>	<b>270,365</b>	<b>74,351</b>
NONCURRENT LIABILITIES:					
351	Long-term debt, net of current - operating	307,888	0	0	0
352	Long-term debt, net of current - capital	0	0	0	0
353	Noncurrent liabilities - other	0	0	0	64,254
354	Accrued comp. absences - long term	7,167	0	0	8,781
355	Loan liability - noncurrent	0	0	0	0
356	FASB 5 liabilities	0	0	0	0
357	Accrued pension and OPEB liabilities	0	0	0	0
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>315,055</b>	<b>0</b>	<b>0</b>	<b>73,035</b>
300	<b>TOTAL LIABILITIES</b>	<b>673,393</b>	<b>0</b>	<b>270,365</b>	<b>147,386</b>
400	<b>DEFERRED INFLOW OF RESOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET POSITION:</b>					
508.4	Investment in Capital Assets	7,118,359	0	0	146,219
511.4	Restricted - Net Position	133,679	0	0	77,936
512.4	Unrestricted - Net Position	2,895,662	253,099	209,230	1,474,232
513	<b>TOTAL NET POSITION</b>	<b>10,147,700</b>	<b>253,099</b>	<b>209,230</b>	<b>1,698,387</b>
600	<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</b>	<b>\$ 10,821,093</b>	<b>\$ 253,099</b>	<b>\$ 479,595</b>	<b>\$ 1,845,773</b>

Mainstream Vouchers 14.879	Business Activities	Discrete Component Unit	Elimination	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,868	1,556	8,899	0	137,090
0	0	0	0	0
0	4,889	567	0	13,413
0	32,097	2,257	0	79,047
0	0	0	0	0
0	0	259,486	(141,615)	259,486
0	0	0	0	262,926
0	0	0	0	0
0	0	0	0	0
0	1,675	54,400	0	88,756
0	4,568	10,669	0	16,363
0	79,869	178,698	0	258,567
0	0	0	0	0
0	36,882	9,072	0	52,252
0	0	5,490	0	5,490
941	31,032	0	(112,964)	0
0	0	0	0	0
2,809	192,568	529,538	(254,579)	1,173,390
0	0	9,004,574	(307,888)	9,004,574
0	0	0	0	0
0	0	0	0	64,254
0	1,917	0	0	17,865
0	1,118,180	0	0	1,118,180
0	0	0	0	0
0	0	0	0	0
0	1,120,097	9,004,574	(307,888)	10,204,873
2,809	1,312,665	9,534,112	(562,467)	11,378,263
0	0	0	0	0
0	222,186	7,386,897	0	14,873,661
79,598	152,047	0	0	443,260
(1,072)	1,789,780	1,495,114	0	8,116,045
78,526	2,164,013	8,882,011	0	23,432,966
\$ 81,335	\$ 3,476,678	\$ 18,416,123	\$ (562,467)	\$ 34,811,229

**Housing Authority of the City of Fort Smith  
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

FDS Line#	Account Description	Blended Component Unit	Home Investment Partnership 14,258	Section 8 Moderate Housing Assistance 14,856	Section 8 Housing Choice Vouchers 14,871
<b>REVENUES:</b>					
70300	Net tenant rental revenue	\$ 1,546,101	\$ 0	\$ 0	\$ 0
70400	Tenant revenue - other	131,144	0	0	0
70500	Total tenant revenue	1,677,245	0	0	0
70600	HUD PHA grants - operating	0	0	436,846	7,980,434
70610	HUD PHA grants - capital	0	0	0	0
70710	Management fee	0	0	0	0
70720	Asset management fee	0	0	0	0
70730	Bookkeeping fee	0	0	0	0
70740	Front line service fee	0	0	0	0
70750	Other fees	0	0	0	0
70700	Total fee revenue	0	0	0	0
70800	Other government grants	0	0	0	0
71100	Investment income - unrestricted	19,843	0	146	0
71200	Mortgage interest income	0	0	0	0
71300	Proceeds from disposition of assets	2,593,230	0	0	0
71310	Cost of assets held for sale	(2,279,530)	0	0	0
71400	Fraud income	0	0	0	35,420
71500	Other revenue	334,298	0	0	56,835
71600	Gain/(loss) on disposition	19,762	0	0	(449)
72000	Investment income - restricted	1,797	0	0	565
70000	<b>TOTAL REVENUES</b>	<b>\$ 2,366,645</b>	<b>\$ 0</b>	<b>\$ 436,992</b>	<b>\$ 8,072,805</b>
<b>EXPENSES:</b>					
Administrative					
91100	Administrative salaries	\$ 422,760	\$ 0	\$ 29,681	\$ 229,398
91200	Auditing fees	8,038	350	2,021	4,915
91300	Management fees	617,541	0	7,020	219,864
91310	Bookkeeping fees	12,486	0	4,415	138,733
91400	Advertising & marketing	8,127	0	17	137
91500	Employee benefits - administrative	132,008	0	11,123	77,368
91600	Office expense	43,516	0	8,195	64,885
91700	Legal expense	2,252	0	459	3,232
91800	Travel expense	4,669	0	488	4,367
91810	Allocated overhead	0	0	0	0
91900	Other operating - administrative	75,633	0	1,833	20,494
91000	Total Administrative Expense	1,327,030	350	65,252	763,393
92000	Asset management fee	0	0	0	0
Tenant services					
92100	Tenant services - salaries	0	0	0	0
92200	Relocation costs	0	0	0	0
92300	Employee benefits - tenant services	0	0	0	0
92400	Other tenant services	4,066	0	0	0
92500	Total Tenant Services	4,066	0	0	0

Mainstream Vouchers 14.879	Business Activities	Family Self Sufficiency Grant 14.896	Discrete Component Unit	Elimination	TOTAL
\$ 0	\$ 21,193	\$ 0	\$ 1,595,391	\$ (838,945)	\$ 2,323,740
0	529	0	22,721	0	154,394
0	21,722	0	1,618,112	(838,945)	2,478,134
127,963	0	52,134	0	0	8,597,377
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
20	193	0	4,250	0	24,452
0	30,355	0	0	(13,692)	16,663
0	0	0	0	0	2,593,230
0	0	0	0	0	(2,279,530)
0	0	0	0	0	35,420
0	1,089,835	0	18,060	(939,507)	559,521
0	40,764	0	0	0	60,077
0	180	0	4,102	0	6,644
<b>\$ 127,983</b>	<b>\$ 1,183,049</b>	<b>\$ 52,134</b>	<b>\$ 1,644,524</b>	<b>\$ (1,792,144)</b>	<b>\$ 12,091,988</b>
\$ 2,311	\$ 567,360	\$ 39,797	\$ 60,783	\$ 0	\$ 1,352,090
44	6,132	0	16,500	0	38,000
1,896	2,283	0	88,882	(717,947)	219,539
1,186	3,665	0	5,785	(145,270)	21,000
1	337	0	7,729	0	16,348
843	157,753	12,337	19,098	0	410,530
611	33,754	0	54,089	(44,214)	160,836
33	1,673	0	4,134	0	11,783
38	3,380	0	60	0	13,002
0	0	0	0	0	0
157	21,631	0	9,475	(32,076)	97,147
7,120	797,968	52,134	266,535	(939,507)	2,340,275
0	0	0	13,581	0	13,581
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	7,250	0	0	0	11,316
0	7,250	0	0	0	11,316

**Housing Authority of the City of Fort Smith  
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**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	<u>Blended Component Unit</u>	<u>Home Investment Partnership 14,258</u>	<u>Section 8 Moderate Housing Assistance 14,856</u>	<u>Section 8 Housing Choice Vouchers 14,871</u>
<b>Utilities</b>					
93100	Water	132,401	0	0	0
93200	Electricity	119,150	0	0	0
93300	Gas	7,854	0	0	0
93400	Fuel	0	0	0	0
93500	Labor	0	0	0	0
93600	Sewer	0	0	0	0
93700	Employee benefits - utilities	0	0	0	0
93800	Other utilities expense	<u>49,930</u>	<u>0</u>	<u>0</u>	<u>0</u>
93000	Total Utilities Expense	<u>309,335</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Ordinary Maintenance &amp; Operation</b>					
94100	Labor	175,441	0	0	0
94200	Materials	80,209	0	299	3,355
94300	<b>Contracts</b>	<b>142,647</b>	<b>0</b>	<b>1,320</b>	<b>6,595</b>
94300-010	Contract costs - garbage removal	0	0	0	0
94300-020	Contract costs - heating & cooling	648	0	0	0
94300-030	Contract costs - snow removal	0	0	0	0
94300-040	Contract costs - elevator maintenance	0	0	0	0
94300-050	Contract costs - landscape maintenance	73,127	0	0	0
94300-060	Contract costs - unit turnaround	0	0	0	0
94300-070	Contract costs - electrical	480	0	0	0
94300-080	Contract costs - plumbing	5,235	0	0	0
94300-090	Contract costs - extermination	11,650	0	0	0
94300-100	Contract costs - janitorial	13,387	0	0	0
94300-110	Contract costs - routine maintenance	6,786	0	0	0
94300-120	Contract costs - other	<u>31,334</u>	<u>0</u>	<u>1,320</u>	<u>6,595</u>
94500	Employee benefit contributions	<u>70,959</u>	<u>0</u>	<u>0</u>	<u>0</u>
94000	Total Ordinary Maintenance & Operation	<u>469,256</u>	<u>0</u>	<u>1,619</u>	<u>9,950</u>
<b>Protective services</b>					
95100	Protective services - salaries	0	0	0	0
95200	Protective services - other contract costs	0	0	0	0
95300	Other protective services	0	0	0	0
95500	Employee benefits - protective services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
95000	Total Protective Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Insurance Premiums</b>					
96110	Property insurance	41,633	0	0	0
96120	Liability insurance	32,305	0	1,220	21,383
96130	Workmen's compensation	0	0	0	0
96140	Insurance - other	<u>22,845</u>	<u>0</u>	<u>36</u>	<u>17,433</u>
96100	Total Insurance Premiums	<u>96,783</u>	<u>0</u>	<u>1,256</u>	<u>38,816</u>



Mainstream Vouchers 14,879	Business Activities	Family Self Sufficiency Grant 14,896	Discrete Component Unit	Elimination	TOTAL
0	329	0	2,663	0	135,393
0	1,023	0	4,783	0	124,956
0	0	0	3,709	0	11,563
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	49,930
0	1,352	0	11,155	0	321,842
0	2,108	0	48,973	0	226,522
31	2,195	0	95,816	0	181,905
352	45,791	0	143,484	0	340,189
0	0	0	0	0	0
0	0	0	0	0	648
0	0	0	0	0	0
0	0	0	0	0	0
0	33,643	0	0	0	106,770
0	0	0	0	0	0
0	0	0	0	0	480
0	0	0	0	0	5,235
0	620	0	0	0	12,270
0	375	0	0	0	13,762
0	11,153	0	0	0	17,939
352	0	0	0	0	39,601
0	968	0	3,740	0	75,667
383	51,062	0	292,013	0	824,283
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	4,909	0	56,903	0	103,445
0	4,159	0	19,229	0	78,296
0	0	0	0	0	0
0	13,362	0	18,489	0	72,165
0	22,430	0	94,621	0	253,906

**Housing Authority of the City of Fort Smith  
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	<u>Blended Component Unit</u>	<u>Home Investment Partnership 14.258</u>	<u>Section 8 Moderate Housing Assistance 14.856</u>	<u>Section 8 Housing Choice Vouchers 14.871</u>
	General Expenses				
96200	Other general expense	2,241	0	(1,147)	0
96210	Compensated absences	0	0	0	0
96300	Payments in lieu of taxes	0	0	0	0
96400	Bad debt - tenant rents	10,891	0	0	0
96500	Bad debt - mortgages	0	58,838	0	0
96600	Bad debt - other	(611)	0	0	0
96800	Severance expense	0	0	0	0
96000	Total General Expenses	12,521	58,838	(1,147)	0
	Financial Expenses				
96710	Interest expense - Mortgage Payable	13,692	0	0	0
96720	Interest expense - Notes Payable	0	0	0	0
96730	Amortization - issuance costs	0	0	0	0
96700	Total Financial Expenses	13,692	0	0	0
96900	<b>TOTAL OPERATING EXPENSE</b>	2,232,683	59,188	66,980	812,159
97000	<b>EXCESS OPERATING REVENUE</b>	133,962	(59,188)	370,012	7,260,646
	Other Expenses				
97100	Extraordinary maintenance	0	0	0	0
97200	Casualty losses	0	0	0	0
97300	Housing assistance payments	0	0	372,124	7,001,179
97350	HAP portability-in	0	0	0	0
97400	Depreciation expense	530,317	0	0	91,866
97500	Fraud losses	0	0	0	0
97600	Capital outlays - gov't funds	0	0	0	0
97700	Debt principal payment - gov't funds	0	0	0	0
97800	Dwelling units rent expense	0	0	0	0
	Total Other Expenses	530,317	0	372,124	7,093,045
	<b>TOTAL EXPENSES</b>	<b>\$ 2,763,000</b>	<b>\$ 59,188</b>	<b>\$ 439,104</b>	<b>\$ 7,905,204</b>
10010	Operating transfer in	0	0	0	0
10020	Operating transfer out	0	0	0	0
10030	Operating transfers from/to primary gov't	0	0	0	0
10040	Operating transfers from/to comp. unit	0	0	0	0
10050	Proceeds from notes, loans & bonds	0	0	0	0
10060	Proceeds from property sales	0	0	0	0
10070	Extraordinary items, net gain/loss	0	0	0	0
10080	Special items, net gain/loss	0	0	0	0
10091	Inter project excess cash transfer in	0	0	0	0
10092	Inter project excess cash transfer out	0	0	0	0
10093	Transfers between project & program - in	0	0	0	0
10094	Transfers between project & program - out	0	0	0	0
10100	Total other financing sources (uses)	0	0	0	0
	<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (396,355)</b>	<b>\$ (59,188)</b>	<b>\$ (2,112)</b>	<b>\$ 167,601</b>

Mainstream Vouchers 14,879	Business Activities	Family Self Sufficiency Grant 14,896	Discrete Component Unit	Elimination	TOTAL
0	57,172	0	167,120	0	225,386
0	0	0	0	0	0
0	0	0	0	0	0
0	640	0	18,227	0	29,758
0	0	0	0	0	58,838
0	0	0	0	0	(611)
0	0	0	0	0	0
0	57,812	0	185,347	0	313,371
0	4,592	0	465,811	(13,692)	470,403
0	0	0	0	0	0
0	0	0	23,638	0	23,638
0	4,592	0	489,449	(13,692)	494,041
7,503	942,466	52,134	1,352,701	(953,199)	4,572,615
120,480	240,583	0	291,823	(838,945)	7,519,373
0	0	0	0	0	0
0	0	0	0	0	0
41,954	0	0	0	(838,945)	6,576,312
0	0	0	0	0	0
0	33,157	0	736,115	0	1,391,455
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
41,954	33,157	0	736,115	(838,945)	7,967,767
\$ 49,457	\$ 975,623	\$ 52,134	\$ 2,088,816	\$ (1,792,144)	\$ 12,540,382
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
\$ 78,526	\$ 207,426	\$ 0	\$ (444,292)	\$ 0	\$ (448,394)

**Housing Authority of the City of Fort Smith  
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES, AND CHANGES IN NET POSITION ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	Blended Component Unit	Home Investment Partnership 14.258	Section 8 Moderate Housing Assistance 14.856	Section 8 Housing Choice Vouchers 14.871
11020	Prior period adjustments	0	0	0	0
11030	<b>Beginning Net Position</b>	10,544,055	312,287	211,342	1,530,786
11040-010	Prior period adjustments	0	0	0	0
11040-070	Equity transfers	0	0	0	0
11050	Changes - compensated absence balance	0	0	0	0
11060	Changes - contingent liability balance	0	0	0	0
11070	Changes - unrec. pension transition liability	0	0	0	0
11080	Changes - doubtful accounts - dwelling rents	0	0	0	0
11090	Changes - doubtful accounts - other	0	0	0	0
	<b>Ending Net Position</b>	<b>\$ 10,147,700</b>	<b>\$ 253,099</b>	<b>\$ 209,230</b>	<b>\$ 1,698,387</b>
11170	<b>Administrative Fund Equity</b>	-	-	-	1,620,451
11180	<b>Housing Choice Voucher Equity</b>	-	-	-	77,936
11190	<b>Units Available</b>	3,456	-	804	20,064
11210	<b>Units Leased</b>	3,247	-	586	18,743
11270	Excess Cash	-	-	-	-
	Prior year excess cash	-	-	-	-
11610	Land Purchases	-	-	-	-
11620	Building Purchases	-	-	-	-
11630	Furniture & Equip - dwelling	-	-	-	-
11640	Furniture & Equip - admin	-	-	-	-
11650	Leasehold Improvement Purchases	-	-	-	-
11660	Infrastructure purchases	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-

Mainstream Vouchers 14.879	Business Activities	Family Self Sufficiency Grant 14.896	Discrete Component Unit	Elimination	TOTAL
0	0	0	0	0	0
0	1,956,587	0	9,362,359	0	23,917,416
0	0	0	0	0	0
0	0	0	(36,056)	0	(36,056)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<b>\$ 78,526</b>	<b>\$ 2,164,013</b>	<b>\$ 0</b>	<b>\$ 8,882,011</b>	<b>\$ 0</b>	<b>\$ 23,432,966</b>
-	-	-	-	-	<b>1,620,451</b>
-	-	-	-	-	<b>77,936</b>
158	55	-	2,064	(3,456)	<b>23,145</b>
158	33	-	1,989	(3,247)	<b>21,509</b>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

**Housing Authority of the City of Fort Smith  
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS  
December 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	<u>North Pointe, LP</u>	<u>North Pointe II, LP</u>	<u>Clayton Heights Development, LP</u>	<u>TOTAL</u>
<b>ASSETS:</b>					
<b>CURRENT ASSETS:</b>					
<b>Cash:</b>					
111	Cash - unrestricted	\$ 80,738	\$ 25,368	\$ 376,819	\$ 482,925
112	Cash - restricted - modernization	0	0	0	0
113	Cash - other restricted	298,372	355,262	370,710	1,024,344
114	Cash - tenant security deposits	16,242	20,299	20,323	56,864
115	Cash - restricted for payment of current liabilities	0	0	0	0
100	<b>Total Cash</b>	<b>395,352</b>	<b>400,929</b>	<b>767,852</b>	<b>1,564,133</b>
<b>Accounts and notes receivables:</b>					
121	Accounts receivable - PHA projects	0	0	0	0
122	Accounts receivable - HUD	0	0	0	0
124	Accounts receivable - other government	0	0	0	0
125	Accounts receivable - miscellaneous	1,164	1,039	545	2,748
126	Accounts receivable - tenants rents	41,545	49,901	30,541	121,987
126.1	Allowance for doubtful accounts - tenants	(33,248)	(41,923)	(23,318)	(98,489)
126.2	Allowance for doubtful accounts - other	0	0	0	0
127	Notes receivable - current	0	0	0	0
128	Fraud recovery	0	0	0	0
128.1	Allowance for doubtful accounts - fraud	0	0	0	0
129	Accrued interest receivable	0	0	0	0
120	<b>Total receivables - net</b>	<b>9,461</b>	<b>9,017</b>	<b>7,768</b>	<b>26,246</b>
<b>Current investments:</b>					
131	Investments - unrestricted	0	0	0	0
132	Investments - restricted	0	0	0	0
135	Investments- restricted for payment current liability	0	0	0	0
142	Prepaid expenses and other assets	15,859	19,857	13,120	48,836
143	Inventories	0	0	0	0
143.1	Allowance for obsolete inventories	0	0	0	0
144	Interprogram due from	0	0	0	0
145	Assets held for sale	0	0	0	0
150	<b>TOTAL CURRENT ASSETS</b>	<b>420,672</b>	<b>429,803</b>	<b>788,740</b>	<b>1,639,215</b>
<b>NONCURRENT ASSETS:</b>					
<b>Capital Assets:</b>					
161	Land	40,000	93,985	147,912	281,897
162	Buildings	5,507,891	6,801,458	6,436,235	18,745,584
163	Furniture & equipment - dwelling	0	0	0	0
164	Furniture & equipment - admin	86,598	594,398	159,300	840,296
165	Improvements	186,042	2,062,424	1,674,784	3,923,250
166	Accumulated depreciation	(1,994,995)	(3,327,411)	(1,898,452)	(7,220,858)
167	Construction in progress	0	0	0	0
168	Infrastructure	0	0	0	0
160	<b>Total capital assets - net</b>	<b>3,825,536</b>	<b>6,224,854</b>	<b>6,519,779</b>	<b>16,570,169</b>
171	Notes receivable - noncurrent	0	0	0	0
172	Notes receivable - noncurrent past due	0	0	0	0
173	Grant receivable - noncurrent	0	0	0	0
174	Other assets	56,940	116,358	33,441	206,739
176	Investment in joint ventures	0	0	0	0
180	<b>TOTAL NONCURRENT ASSETS</b>	<b>3,882,476</b>	<b>6,341,212</b>	<b>6,553,220</b>	<b>16,776,908</b>
200	<b>DEFERRED OUTFLOW OF RESOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
290	<b>TOTAL ASSETS &amp; DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 4,303,148</b>	<b>\$ 6,771,015</b>	<b>\$ 7,341,960</b>	<b>\$ 18,416,123</b>

**Housing Authority of the City of Fort Smith  
Fort Smith, Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS  
December 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	<u>North Pointe, LP</u>	<u>North Pointe II, LP</u>	<u>Clayton Heights Development, LP</u>	<u>TOTAL</u>
<b>LIABILITIES AND NET POSITION:</b>					
<b>LIABILITIES:</b>					
<b>CURRENT LIABILITIES:</b>					
311	Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0
312	Accounts payable < 90 days	1,856	3,430	3,613	8,899
313	Accounts payable > 90 days	0	0	0	0
321	Accrued salaries/payroll withholding	151	240	176	567
322	Accrued compensated absences	654	857	746	2,257
324	Accrued contingency liability	0	0	0	0
325	Accrued interest payable	34,950	106,665	117,871	259,486
331	Accounts payable - HUD PHA programs	0	0	0	0
332	Accounts payable - PHA projects	0	0	0	0
333	Accounts payable - other gov.	0	0	0	0
341	Tenant security deposits	15,550	19,250	19,600	54,400
342	Unearned revenue	3,893	2,664	4,112	10,669
343	Current portion of L-T debt - capital projects	41,519	55,901	81,278	178,698
344	Current portion of L-T debt - operating	0	0	0	0
345	Other current liabilities	2,506	3,791	2,775	9,072
346	Accrued liabilities - other	0	0	5,490	5,490
347	Interprogram (due to)	0	0	0	0
348	Loan liability - current	0	0	0	0
310	<b>TOTAL CURRENT LIABILITIES</b>	<b>101,079</b>	<b>192,798</b>	<b>235,661</b>	<b>529,538</b>
<b>NONCURRENT LIABILITIES:</b>					
351	Long-term debt, net of current - capital	1,645,629	4,017,442	3,341,503	9,004,574
352	Long-term debt, net of current - operating	0	0	0	0
353	Noncurrent liabilities - other	0	0	0	0
354	Accrued comp. absences - long term	0	0	0	0
355	Loan liability - noncurrent	0	0	0	0
356	FASB 5 liabilities	0	0	0	0
357	Accrued pension and OPEB liabilities	0	0	0	0
350	<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,645,629</b>	<b>4,017,442</b>	<b>3,341,503</b>	<b>9,004,574</b>
300	<b>TOTAL LIABILITIES</b>	<b>1,746,708</b>	<b>4,210,240</b>	<b>3,577,164</b>	<b>9,534,112</b>
400	<b>DEFERRED INFLOW OF RESOURCES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET POSITION:</b>					
508.4	Net Investment in Capital Assets	2,138,388	2,151,511	3,096,998	7,386,897
511.4	Restricted	0	0	0	0
512.4	Unrestricted	418,052	409,264	667,798	1,495,114
513	<b>TOTAL NET POSITION</b>	<b>2,556,440</b>	<b>2,560,775</b>	<b>3,764,796</b>	<b>8,882,011</b>
600	<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,303,148</b>	<b>\$ 6,771,015</b>	<b>\$ 7,341,960</b>	<b>\$ 18,416,123</b>

**Housing Authority of the City of Fort Smith  
Fort Smith Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	<u>North Pointe, LP</u>	<u>North Pointe II, LP</u>	<u>Clayton Heights Development, LP</u>	<u>TOTAL</u>
<b>REVENUES:</b>					
70300	Net tenant rental revenue	\$ 442,219	\$ 593,753	\$ 559,419	\$ 1,595,391
70400	Tenant revenue - other	4,809	14,970	2,942	22,721
70500	Total tenant revenue	447,028	608,723	562,361	1,618,112
70600	HUD PHA grants - operating	0	0	0	0
70610	HUD PHA grants - capital	0	0	0	0
70710	Management fee	0	0	0	0
70720	Asset management fee	0	0	0	0
70730	Bookkeeping fee	0	0	0	0
70740	Front line service fee	0	0	0	0
70750	Other fees	0	0	0	0
70700	Total fee revenue	0	0	0	0
70800	Other government grants	0	0	0	0
71100	Investment income - unrestricted	2,086	494	1,670	4,250
71200	Mortgage interest income	0	0	0	0
71300	Proceeds from disposition of assets held for sale	0	0	0	0
71310	Cost of sale of assets	0	0	0	0
71400	Fraud income	0	0	0	0
71500	Other revenue	960	17,050	50	18,060
71600	Gain/(loss) on disposition	0	0	0	0
72000	Investment income - restricted	267	841	2,994	4,102
70000	<b>TOTAL REVENUES</b>	<b>\$ 450,341</b>	<b>\$ 627,108</b>	<b>\$ 567,075</b>	<b>\$ 1,644,524</b>
<b>EXPENSES:</b>					
Administrative					
91100	Administrative salaries	\$ 17,627	\$ 23,097	\$ 20,059	\$ 60,783
91200	Auditing fees	5,000	6,500	5,000	16,500
91300	Management fees	22,314	38,424	28,144	88,882
91310	Bookkeeping fees	2,011	1,762	2,012	5,785
91400	Advertising & marketing	2,202	3,022	2,505	7,729
91500	Employee benefits - administrative	5,555	7,149	6,394	19,098
91600	Office expense	15,700	20,596	17,793	54,089
91700	Legal expense	1,600	1,456	1,078	4,134
91800	Travel expense	17	23	20	60
91810	Allocated Overhead	0	0	0	0
91900	Other operating - administrative	3,219	3,373	2,883	9,475
91000	Total Administrative Expense	75,245	105,402	85,888	266,535
92000	Asset management fee	4,924	3,167	5,490	13,581
Tenant Services					
92100	Tenant services - salaries	0	0	0	0
92200	Relocation costs	0	0	0	0
92300	Employee benefits - tenant services	0	0	0	0
92400	Other tenant services	0	0	0	0
92500	Total Tenant Services	0	0	0	0



**Housing Authority of the City of Fort Smith  
Fort Smith Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	North Pointe, LP	North Pointe II, LP	Clayton Heights Development, LP	TOTAL
<b>Utilities</b>					
93100	Water	991	1,244	428	2,663
93200	Electricity	1,573	2,690	520	4,783
93300	Gas	1,760	1,422	527	3,709
93400	Fuel	0	0	0	0
93500	Labor	0	0	0	0
93600	Sewer	0	0	0	0
93700	Employee benefits - utilities	0	0	0	0
93800	Other utilities expense	0	0	0	0
93000	Total Utilities Expense	4,324	5,356	1,475	11,155
<b>Ordinary Maintenance &amp; Operation</b>					
94100	Labor	14,880	26,499	7,594	48,973
94200	Materials	30,621	46,832	18,363	95,816
94300	Contracts	41,303	56,812	45,369	143,484
94300-010	Garbage & trash removal contracts	0	0	0	0
94300-020	Heating & cooling contracts	0	0	0	0
94300-030	Snow Removal contracts	0	0	0	0
94300-040	Elevator maintenance contracts	0	0	0	0
94300-050	Landscape & grounds contracts	0	0	0	0
94300-060	Unit turnaround contracts	0	0	0	0
94300-070	Electrical contracts	0	0	0	0
94300-080	Plumbing contracts	0	0	0	0
94300-090	Extermination contracts	0	0	0	0
94300-100	Janitorial contracts	0	0	0	0
94300-110	Routine maintenance contracts	0	0	0	0
94300-120	Contract costs - other	0	0	0	0
94500	Employee benefit contributions	1,138	2,025	577	3,740
94000	Total Ordinary Maintenance & Operation	87,942	132,168	71,903	292,013
<b>Protective Services</b>					
95100	Protective services - salaries	0	0	0	0
95200	Other protective services - contract costs	0	0	0	0
95300	Protective services - other	0	0	0	0
95500	Employee benefits - protective services	0	0	0	0
95000	Total Protective Services	0	0	0	0
<b>Insurance Premiums</b>					
96110	Property insurance	20,168	20,337	16,398	56,903
96120	Liability insurance	6,095	7,570	5,564	19,229
96130	Workmen's compensation	0	0	0	0
96140	Insurance - other	382	17,866	241	18,489
96100	Total Insurance Premiums	26,645	45,773	22,203	94,621

**Housing Authority of the City of Fort Smith  
Fort Smith Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	<u>North Pointe, LP</u>	<u>North Pointe II, LP</u>	<u>Clayton Heights Development, LP</u>	<u>TOTAL</u>
	General Expenses				
96200	Other general expense	42,011	103,396	21,713	167,120
96210	Compensated absences	0	0	0	0
96300	Payments in lieu of taxes	0	0	0	0
96400	Bad debt - tenant rents	4,112	12,702	1,413	18,227
96500	Bad debt - mortgages	0	0	0	0
96600	Bad debt - other	0	0	0	0
96800	Severance expense	0	0	0	0
96000	Total General Expenses	46,123	116,098	23,126	185,347
	Financial Expenses				
96710	Interest expense - mortgage payable	111,046	159,981	194,784	465,811
96720	Interest expense - notes payable	0	0	0	0
96730	Amortization - issuance costs	3,820	15,268	4,550	23,638
96700	Total Financial Expenses	114,866	175,249	199,334	489,449
96900	<b>TOTAL OPERATING EXPENSE</b>	360,069	583,213	409,419	1,352,701
97000	<b>EXCESS OPERATING REVENUE</b>	90,272	43,895	157,656	291,823
	Other Expenses				
97100	Extraordinary maintenance	0	0	0	0
97200	Casualty losses	0	0	0	0
97300	Housing assistance payments	0	0	0	0
97350	Portability HAP expense	0	0	0	0
97400	Depreciation expense	157,286	307,531	271,298	736,115
97500	Fraud losses	0	0	0	0
97600	Capital outlays - gov't funds	0	0	0	0
97700	Debt principal payment - gov't funds	0	0	0	0
97800	Dwelling units rent expense	0	0	0	0
	Total Other Expenses	157,286	307,531	271,298	736,115
90000	<b>TOTAL EXPENSES</b>	\$ 517,355	\$ 890,744	\$ 680,717	\$ 2,088,816
10010	Transfer of operating funds - in	0	0	0	0
10020	Transfer of operating funds - out	0	0	0	0
10030	Operating transfers from/to primary gov	0	0	0	0
10040	Operating transfers from/to CU	0	0	0	0
10050	Proceeds from Notes, Loans and Bonds	0	0	0	0
10060	Proceeds from property sales	0	0	0	0
10070	Extraordinary Items, net gain/loss	0	0	0	0
10080	Special Item - (net gain/loss)	0	0	0	0
10091	Inter project excess cash transfer in	0	0	0	0
10092	Inter project excess cash transfer out	0	0	0	0
10093	Transfers between Program & Project - in	0	0	0	0
10094	Transfers between Program & Project - out	0	0	0	0
10100	Total Other Financing Sources (uses)	0	0	0	0
10000	<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ (67,014)	\$ (263,636)	\$ (113,642)	\$ (444,292)

**Housing Authority of the City of Fort Smith  
Fort Smith Arkansas**

**FINANCIAL DATA SUBMISSION SUMMARY  
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>FDS Line#</u>	<u>Account Description</u>	North Pointe, LP	North Pointe II, LP	Clayton Heights Development, LP	TOTAL
11020	Required annual debt principal payments	0	0	0	0
11030	<b>Beginning Net Position</b>	<b>2,630,869</b>	<b>2,850,216</b>	<b>3,881,274</b>	<b>9,362,359</b>
11040-010	Prior period adjustments	0	0	0	0
11040-070	Equity transfers	(7,415)	(25,805)	(2,836)	(36,056)
11050	Changes-compensated absence balance	0	0	0	0
11060	Changes-contingent liability balance	0	0	0	0
11070	Changes-unrec. pension transition liability	0	0	0	0
11080	Changes-doubtful accounts - dwelling rents	0	0	0	0
11090	Changes-doubtful accounts - other	0	0	0	0
	<b>Ending Net Position</b>	<b>\$ 2,556,440</b>	<b>\$ 2,560,775</b>	<b>\$ 3,764,796</b>	<b>\$ 8,882,011</b>

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH  
Fort Smith, Arkansas**

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<b><u>FEDERAL GRANTOR</u></b>			
<b><u>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</u></b>			
<b>Section 8 Housing Assistance Program:</b>			
Section 8 Housing Choice Vouchers	A - Major	14.871	\$ 7,980,434
Section 8 Moderate Rehabilitation Program	B - Nonmajor	14.856	436,846
Mainstream Vouchers	B - Nonmajor	14.879	127,963
Family Self Sufficiency Grant Program	B - Nonmajor	14.896	<u>52,134</u>
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			\$ <u><u>8,597,377</u></u>
<b>Threshold for Type A &amp; Type B</b>			\$ <u><u>750,000</u></u>

The accompanying notes to the schedule of federal financial awards is an integral part of this schedule.

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH**  
**Fort Smith, Arkansas**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE A - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Fort Smith and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

**NOTE B - SUB-RECIPIENTS:**

The Housing Authority of the City of Fort Smith provided no federal awards to sub-recipients during the fiscal year ending December 31, 2019.

**NOTE C - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:**

- The Housing Authority of the City of Fort Smith received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2019.
- The Housing Authority of the City of Fort Smith had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the year ended December 31, 2019.
- The auditee did not elect to use the 10% de minimis cost rate.
- The Housing Authority of the City of Fort Smith maintains the following limits of insurance as of December 31, 2019:

Property	\$	21,953,500
Liability	\$	1,000,000
Director and Officers	\$	1,000,000
Commercial Auto	\$	1,000,000
Workers Compensation		Statutory
Crime	\$	50,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.