

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

MANAGEMENT'S DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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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, 2022



INDEPENDENT AUDITORS' 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 the Audit of Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements which collectively comprise the Housing Authority of the City of Fort Smith's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Housing Authority of the City of Fort Smith, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Fort Smith and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Fort Smith's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Authority of the City of Fort Smith's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Fort Smith's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Fort Smith's basic financial statements. 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Financial Data Schedules, and the Special Reports are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 3, 2023, on our consideration of the Housing Authority of the City of Fort Smith's internal control over financial reporting and on 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 our 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 the Housing Authority of the City of Fort Smith's 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 Housing Authority of the City of Fort Smith's internal control over financial reporting and compliance.

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

Loganville, Georgia
April 3, 2023

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

MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2022

**HOUSING AUTHORITY OF THE CITY OF FORT SMITH
FORT SMITH, ARKANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FYE: DECEMBER 31, 2022**

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, 2022. 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, 2022.

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

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$14,394,332 (net position) as opposed to \$14,862,619 for the prior fiscal year.
- The Authority's cash and investments as of December 31, 2022 totaled \$3,723,575 representing a decrease of \$1,085,288 or 22.57% from December 31, 2021.
- The Authority had total revenues of \$10,597,157 and total expenses of \$10,835,278 for the year ended December 31, 2022.

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

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 63 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 (HOME): 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 over 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 HOME funds directly. We are a sub-recipient of funds as a result of a partnership agreement with Crawford Sebastian Community Development Council for the construction and sale of affordable housing.

Component Units: The Authority operates four (4) 501(c)(3) nonprofit corporations to assist with its mission of furthering affordable housing. 1) 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. 2) 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 real estate and construction activities were accounted for under the Authority's HOME program. 3) 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. 4) HACFS Properties was formed in 2022 to hold all current and future housing developments wholly-owned by the Authority. Internally these activities are all 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)

| | 2022 | 2021 | Change | |
|------------------------------------|---------------|---------------|----------------|---------|
| ASSETS | | | | |
| Cash and Investments | \$ 3,723,575 | \$ 4,808,863 | \$ (1,085,288) | -22.57% |
| Other Current Assets | 1,074,893 | 638,780 | 436,113 | 68.27% |
| Assets Held for Sale | 765,933 | 677,653 | 88,280 | 13.03% |
| Other Noncurrent Assets | 1,747,481 | 1,862,556 | (115,075) | -6.18% |
| Capital Assets | 8,920,795 | 8,910,848 | 9,947 | 0.11% |
| Total Assets | \$ 16,232,677 | \$ 16,898,700 | \$ (666,023) | -3.94% |
| LIABILITIES | | | | |
| Current Liabilities | \$ 428,324 | \$ 615,567 | \$ (187,243) | -30.42% |
| Noncurrent Liabilities | 1,410,021 | 1,420,514 | (10,493) | -0.74% |
| Total Liabilities | 1,838,345 | 2,036,081 | (197,736) | -9.71% |
| NET POSITION | | | | |
| Invested in Capital Assets | 7,556,352 | 7,200,392 | 355,960 | 4.94% |
| Restricted | 799,304 | 663,439 | 135,865 | 20.48% |
| Unrestricted | 6,038,676 | 6,998,788 | (960,112) | -13.72% |
| Total Net Position | 14,394,332 | 14,862,619 | (468,287) | -3.15% |
| Total Liabilities and Net Position | \$ 16,232,677 | \$ 16,898,700 | \$ (666,023) | -3.94% |

Total Assets decreased by \$666,023 or 3.94% from the prior year. Cash and Investments decreased by \$1,085,288 or 22.57%, which is detailed in the accompanying statement of cash flows. The decrease in cash can be attributed to higher wages, higher operational costs, capital asset improvements, and other inflationary factors. Assets Held for Sale increased by \$88,280 or 13.03% due to additions in the current year. Other current assets increased by \$436,113 or 68.27% due to increases in accounts receivable of \$426,495 or 71.05% due to increased income accrued in December for construction projects, as well as amounts paid up front for Newlon Springs Development LP . Capital assets increased by \$9,947 or 0.11% due to additions exceeding depreciation expense for the year. Other noncurrent assets decreased by \$115,075 or 6.18% due primarily to the forgiveness of notes receivable, which is detailed in the accompanying Notes to the Financial Statements.

Total Liabilities decreased by \$197,736 or 9.71%. Current liabilities decreased by \$187,243 or 30.42%. The majority of this decrease was due to a decrease in accounts payable to vendors of \$150,920 and payables to HUD of \$143,144. Noncurrent liabilities decreased slightly by \$10,493 or 0.74%.

Total Net Position decreased by \$468,287 or 3.15%. Investment in Capital Assets increased by \$355,960 or 4.94%. Restricted Net Position increased by \$135,865 or 20.48% due to an increase in HAP equity and other restricted reserves. Unrestricted Net Position decreased by \$960,112 or 13.72% as a result of operations. 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 2021 to FY 2022.

| | <u>2022</u> | <u>2021</u> | <u>Change</u> | |
|-------------------------------------|----------------------|----------------------|--------------------|----------|
| REVENUE | | | | |
| Tenant Revenue | \$ 993,651 | \$ 921,501 | \$ 72,150 | 7.83% |
| HUD Operating Grants | 8,534,459 | 8,629,768 | (95,309) | -1.10% |
| Proceeds from Disposition of Assets | 1,953,900 | 1,832,921 | 120,979 | 6.60% |
| Costs of Sale of Assets | (1,674,849) | (1,619,704) | (55,145) | 3.40% |
| Gain/(Loss) on Sale of Fixed Assets | (74,920) | 162,707 | (237,627) | -146.05% |
| Investment Income | 41,512 | 19,634 | 21,878 | 111.43% |
| Other Revenue | <u>823,404</u> | <u>742,371</u> | <u>81,033</u> | 10.92% |
| Total Revenue | <u>\$ 10,597,157</u> | <u>\$ 10,689,198</u> | <u>\$ (92,041)</u> | -0.86% |

Total Revenue decreased by \$92,041 or 0.86% to \$10,597,157 during FY 2022. This decrease was due primarily to a decrease in the gain on sale of fixed assets, which was a loss in the current year of \$74,920. HUD operating grants also decreased by \$95,309 or 1.10%.

The following table illustrates changes in expenses from FY 2021 to FY 2022.

| | <u>2022</u> | <u>2021</u> | <u>Change</u> | |
|-----------------------------|----------------------|----------------------|-------------------|---------|
| EXPENSES | | | | |
| Administration | \$ 2,112,304 | \$ 1,877,962 | \$ 234,342 | 12.48% |
| Tenant Services | 1,025 | 6,356 | (5,331) | -83.87% |
| Utilities | 362,233 | 302,777 | 59,456 | 19.64% |
| Maintenance | 691,871 | 631,123 | 60,748 | 9.63% |
| General | 549,701 | 485,327 | 64,374 | 13.26% |
| Housing Assistance Payments | 6,526,624 | 6,797,643 | (271,019) | -3.99% |
| Depreciation | <u>591,520</u> | <u>579,716</u> | <u>11,804</u> | 2.04% |
| Total Expenses | <u>\$ 10,835,278</u> | <u>\$ 10,680,904</u> | <u>\$ 154,374</u> | 1.45% |

Total Expenses, across all Authority programs increased by \$154,374 or 1.45%.

Administrative expenses increased by \$234,342 or 12.48% due primarily to increases in salaries and benefits of \$179,560 or 10.805%.

Tenant services decreased by \$5,331 or 83.87%, which was due to not issuing \$15 rent credit for all tenants, which was implemented when activities ceased due to COVID. Activities have now resumed.

Utilities increased by \$59,456 or 19.64% due to increase in rates and consumption.

Maintenance expense increased by \$60,748 or 9.63%, which was due mainly to an increase in salaries and benefits of \$63,986 or 22.35%. The increase in salary and benefits is largely attributed to continued adherence to previously commissioned salary study and other external market factors.

General expenses increased by \$64,374 or 13.26% due to increase in other general expenses of \$127,831, which was caused by expenses associated with the Newlon Springs Development LP project.

HAP expense decreased by \$271,019 or 3.99%.

Depreciation expenses increased by \$11,804 or 2.04%.

Capital Assets

| | <u>2022</u> | <u>2021</u> | <u>Change</u> | |
|--------------------------|---------------------|---------------------|------------------|---------|
| Land | \$ 726,693 | \$ 922,230 | \$ (195,537) | -21.20% |
| Buildings | 14,863,369 | 13,384,394 | 1,478,975 | 11.05% |
| Equipment | 1,756,665 | 1,692,318 | 64,347 | 3.80% |
| Construction in Progress | 61,371 | 807,688 | (746,317) | -92.40% |
| Accumulated Depreciation | <u>(8,487,303)</u> | <u>(7,895,782)</u> | <u>(591,521)</u> | 7.49% |
| Net Capital Assets | \$ <u>8,920,795</u> | \$ <u>8,910,848</u> | \$ <u>9,947</u> | 0.11% |

Total Capital assets increased during the year to \$8,920,795, an increase of \$9,947 or 0.11%.

The following reconciliation summarizes changes in capital asset balances during FY 2022.

| | |
|--|---------------------|
| Balance as of January 1, 2022 | \$ 8,910,848 |
| Capital additions – Blended Component Units | 288,298 |
| Capital additions – Business Activities, HCV | 940,353 |
| Net disposition of assets | (627,184) |
| Depreciation expense | <u>(591,520)</u> |
| Balance as of December 31, 2022 | <u>\$ 8,920,795</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 forgiven in 15 equal installments of \$79,869. In FY2022, the Authority acquired an additional note in the amount of \$406,000 from ADFA to build 9th Street Cottages. The loan bears 1.00% interest with payments to begin one year after affordability period commences. As of December 31, 2022, the total loan balances were \$1,364,441.

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, insurance rates, wages, supplies, and other costs

Financial Contact

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

President & CEO
Housing Authority of the City of Fort Smith
2100 North 31st 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, 2022

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

STATEMENT OF NET POSITION

December 31, 2022

| | ASSETS | | |
|--|----------------------|----------------------|----------------------|
| | Primary | Discrete | Total |
| | Government | Component | (Memorandum |
| <u>Current Assets</u> | <u>Units</u> | <u>Only</u> | |
| Cash & cash equivalents - unrestricted | \$ 2,834,953 | \$ 123,110 | \$ 2,958,063 |
| Cash & cash equivalents - restricted | 888,622 | 1,257,330 | 2,145,952 |
| Accounts receivable, net | 1,026,749 | 16,851 | 1,043,600 |
| Prepaid expenses | 48,144 | 82,770 | 130,914 |
| Assets held for sale | 765,933 | - | 765,933 |
| | | | |
| Total Current Assets | 5,564,401 | 1,480,061 | 7,044,462 |
| | | | |
| <u>Noncurrent Assets</u> | | | |
| Capital Assets: | | | |
| Land & improvements | 726,693 | 281,897 | 1,008,590 |
| Buildings | 14,863,369 | 22,716,803 | 37,580,172 |
| Construction in progress | 61,371 | - | 61,371 |
| Furniture & equipment | 1,756,665 | 840,296 | 2,596,961 |
| | 17,408,098 | 23,838,996 | 41,247,094 |
| Less: Accumulated depreciation | (8,487,303) | (9,436,017) | (17,923,320) |
| | | | |
| Total Capital Assets | 8,920,795 | 14,402,979 | 23,323,774 |
| | | | |
| Other Noncurrent Assets: | | | |
| Notes receivable | 766,415 | - | 766,415 |
| Other assets | - | 145,323 | 145,323 |
| Investment in joint venture | 981,066 | - | 981,066 |
| | | | |
| Total Noncurrent Assets | 10,668,276 | 14,548,302 | 25,216,578 |
| | | | |
| TOTAL ASSETS | \$ 16,232,677 | \$ 16,028,363 | \$ 32,261,040 |

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

LIABILITIES & NET POSITION

| | Primary Government | Discrete Component Units | Total (Memorandum Only) |
|---|-------------------------------|---|--|
| <u>Current Liabilities</u> | | | |
| Accounts payable | \$ 49,244 | \$ 9,605 | \$ 58,849 |
| Accrued liabilities | 113,729 | 201,105 | 314,834 |
| Other current liabilities | 54,658 | 20,644 | 75,302 |
| Noncurrent debt - current portion | 163,827 | 216,447 | 380,274 |
| Unearned revenue | 6,125 | 8,447 | 14,572 |
| Tenant security deposits/escrow deposits | 40,741 | 54,350 | 95,091 |
| | <hr/> | <hr/> | <hr/> |
| Total Current Liabilities | 428,324 | 510,598 | 938,922 |
| | <hr/> | <hr/> | <hr/> |
| <u>Noncurrent Liabilities</u> | | | |
| Long-term debt, net of current - capital projects | 1,284,572 | 8,122,439 | 9,407,011 |
| Accrued compensated absences | 77,872 | - | 77,872 |
| Trust deposits | 47,577 | - | 47,577 |
| | <hr/> | <hr/> | <hr/> |
| Total Noncurrent Liabilities | 1,410,021 | 8,122,439 | 9,532,460 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL LIABILITIES | 1,838,345 | 8,633,037 | 10,471,382 |
| | <hr/> | <hr/> | <hr/> |
| <u>NET POSITION</u> | | | |
| Investment in Capital Assets | 7,556,352 | 6,064,094 | 13,620,446 |
| Restricted | 799,304 | 1,202,980 | 2,002,284 |
| Unrestricted | 6,038,676 | 128,252 | 6,166,928 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL NET POSITION | 14,394,332 | 7,395,326 | 21,789,658 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL LIABILITIES & NET POSITION | \$ 16,232,677 | \$ 16,028,363 | \$ 32,261,040 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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, 2022

| | Primary Government | Discrete Component Units | Total (Memorandum Only) |
|--|-----------------------------|--------------------------------|-------------------------------|
| <u>Operating Revenues</u> | | | |
| Dwelling rent | \$ 993,651 | \$ 1,681,888 | \$ 2,675,539 |
| Governmental grants & subsidy | 8,534,459 | - | 8,534,459 |
| Other income | 1,102,455 | - | 1,102,455 |
| Total Operating Revenues | <u>10,630,565</u> | <u>1,681,888</u> | <u>12,312,453</u> |
| <u>Operating Expenses</u> | | | |
| Administration | 2,112,304 | 359,543 | 2,471,847 |
| Tenant services | 1,025 | - | 1,025 |
| Utilities | 362,233 | 15,854 | 378,087 |
| Maintenance & operations | 691,871 | 459,592 | 1,151,463 |
| General expense | 549,701 | 216,602 | 766,303 |
| Housing assistance payments | 6,526,624 | - | 6,526,624 |
| Depreciation and amortization expense | 591,520 | 756,424 | 1,347,944 |
| Total Operating Expense | <u>10,835,278</u> | <u>1,808,015</u> | <u>12,643,293</u> |
| Net Operating Income/(Loss) | <u>(204,713)</u> | <u>(126,127)</u> | <u>(330,840)</u> |
| <u>Nonoperating Revenues/(Expenses)</u> | | | |
| Investment income | 19,226 | 2,335 | 21,561 |
| Notes Receivable - interest income | 22,286 | - | 22,286 |
| Gain/(Loss) on disposition of assets | (74,920) | - | (74,920) |
| Interest expense | - | (392,261) | (392,261) |
| Net Nonoperating Revenues/(Expenses) | <u>(33,408)</u> | <u>(389,926)</u> | <u>(423,334)</u> |
| Increase/(Decrease) in Net Position | <u>(238,121)</u> | <u>(516,053)</u> | <u>(754,174)</u> |
| Total Net Position - beginning | 14,862,619 | 7,931,235 | 22,793,854 |
| Equity distribution/transfer | <u>(230,166)</u> | <u>(19,856)</u> | <u>(250,022)</u> |
| Total Net Position - ending | <u><u>\$ 14,394,332</u></u> | <u><u>\$ 7,395,326</u></u> | <u><u>\$ 21,789,658</u></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, 2022

| | Primary Government | Discrete Component Units | Total (Memorandum Only) |
|---|-----------------------|--------------------------------|-------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Receipts from customers and users | \$ 2,096,106 | \$ 1,681,888 | \$ 3,777,994 |
| Governmental grants & subsidy - operations | 8,534,459 | - | 8,534,459 |
| Payments to suppliers | (1,671,356) | (630,612) | (2,301,968) |
| Payments for housing assistance | (6,526,624) | - | (6,526,624) |
| Payments to employees | (2,744,204) | (437,888) | (3,182,092) |
| NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES | <u>(311,619)</u> | <u>613,388</u> | <u>301,769</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Interest received | 5,534 | 2,335 | 7,869 |
| Proceeds from notes receivable | - | - | - |
| Investment in joint venture - net | 59 | - | 59 |
| Invested in assets held for sale - net | (88,280) | - | (88,280) |
| NET CASH PROVIDED/(USED) FROM INVESTING ACTIVITIES | <u>(82,687)</u> | <u>2,335</u> | <u>(80,352)</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | | |
| Acquisition of capital assets | (1,228,651) | (26,310) | (1,254,961) |
| Payments on mortgage/notes payable | - | (217,811) | (217,811) |
| Proceeds from mortgage notes payable | 144,446 | - | 144,446 |
| Interest expense | - | (392,261) | (392,261) |
| Distribution to partners | - | (19,856) | (19,856) |
| Proceeds from disposition of capital assets | 393,223 | - | 393,223 |
| NET CASH PROVIDED/(USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(690,982)</u> | <u>(656,238)</u> | <u>(1,347,220)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (1,085,288) | (40,515) | (1,125,803) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | <u>4,808,863</u> | <u>1,420,955</u> | <u>6,229,818</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>\$ 3,723,575</u> | <u>\$ 1,380,440</u> | <u>\$ 5,104,015</u> |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Net Income/(Loss) from operations | \$ (204,713) | \$ (126,127) | \$ (330,840) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Depreciation & amortization | 591,520 | 756,424 | 1,347,944 |
| Decrease (Increase) in accounts receivable, net | (426,495) | 10,296 | (416,199) |
| Decrease (Increase) in prepaid expenses | (9,618) | (24,855) | (34,473) |
| Increase (Decrease) in accounts payable | (294,064) | (3,365) | (297,429) |
| Increase (Decrease) in accrued liabilities | 21,460 | 24,946 | 46,406 |
| Increase (Decrease) in other current liabilities | 14,946 | (23,331) | (8,385) |
| Increase (Decrease) in security/trust deposits | (4,655) | (600) | (5,255) |
| NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES | <u>\$ (311,619)</u> | <u>\$ 613,388</u> | <u>\$ 301,769</u> |

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, 2022

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 confirmation 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, 2022
(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 1,662 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 63 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 four (4) 501(c)(3) nonprofit corporations to assist with its mission of furthering affordable housing. 1) 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. 2) 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 real estate and construction activities were accounted for under the Authority's HOME program. 3) 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. 4) HACFS Properties was formed in 2022 to hold all current and future housing developments wholly-owned by the Authority. Internally these activities are all 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, 2022
(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, 2022
(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, 2022
(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, 2022
(Continued)

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

15. The terms of the Board are as follows:

| | |
|------------------|------------|
| Rick Foti, Chair | March 2023 |
| Alex Sanchez | March 2026 |
| Barbara Meadows | March 2024 |
| Rex Terry | March 2025 |
| Jackie Flake | March 2027 |

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 President & CEO. 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:

During FY 2022, the Authority implemented GASB 87, Leases, which was effective for fiscal years beginning after June 15, 2021. The Authority and the Auditor reviewed the outstanding leases and determined these to be immaterial to the financial statements, and therefore, no adjustments or disclosures were made.

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, 2022, the Authority's primary government cash deposits had a carrying amount of \$3,723,575 and bank balances of \$4,079,586. Of the bank balances held, \$500,000 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. 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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Continued)

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

Restricted cash:

| | |
|-------------------------------|--------------------------|
| Reserve for Replacement – BCU | \$ 658,016 |
| FSS Forfeiture Account | 3,521 |
| HAP equity | 138,767 |
| Tenant security deposits | 40,741 |
| FSS Escrow | <u>47,577</u> |
| | <u><u>\$ 888,622</u></u> |

The Restricted Net Position on December 31, 2022 was \$799,304 and is made up of the Reserve for Replacement for Blended Component Unit of \$657,016, HAP equity amount of \$138,767, and \$3,521 for the FSS Forfeiture Account.

COLLATERALIZATION:

| <u>Security</u> | <u>Cusip</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Market Value</u> |
|-----------------------------|--------------|----------------------|----------------------|----------------------------|
| Federal Reserve Bank | | | | |
| US Treasury | 9128286L9 | 03/31/26 | 2.250% | 964,897 |
| US Treasury | 912828CET4 | 05/31/27 | 2.625% | 279,639 |
| FHLMC | 31307PUK3 | 11/01/25 | 2.500% | 128,939 |
| GNMA | 36179NLP1 | 08/20/43 | 2.625% | 52,512 |
| GNMA | 36179SZD2 | 03/20/47 | 2.500% | 103,584 |
| GNMA | 3617B4WL7 | 08/20/47 | 2.625% | 125,274 |
| FNBB | 352620AE8 | 12/01/24 | 2.375% | 4,829 |
| FNBB | 890326BQ3 | 02/01/27 | 2.750% | 47,882 |
| FNR | 3136B1KD5 | 03/25/47 | 3.000% | 97,060 |
| FNR | 3136B4NN4 | 05/25/49 | 2.500% | 35,232 |
| FNR | 31398S4S9 | 01/26/26 | 3.500% | 43,113 |
| GNMA | 38377X4E9 | 02/20/41 | 1.500% | 77,183 |
| GNR | 38380WWM7 | 12/20/47 | 3.000% | 57,393 |
| GNR | 38383FFZ1 | 11/20/51 | 1.500% | 601,688 |
| FGPC | 38383DGL6 | 11/20/51 | 1.500% | 395,495 |
| FGPC | 31307PUK3 | 11/01/25 | 2.500% | 133,253 |
| FNRM | 3136B1KD5 | 03/25/47 | 2.500% | 103,847 |
| FNRM | 3136B4NN4 | 05/25/49 | 2.500% | 41,789 |
| FGRM | 3137B9D44 | 09/15/39 | 2.500% | 44,040 |
| GNAR | 3617B4WL7 | 08/20/47 | 2.500% | 128,213 |
| GNAR | 36179NLP1 | 08/20/43 | 2.500% | 53,659 |
| GNAR | 36179SZD2 | 03/20/47 | 2.500% | 105,498 |
| GNRM | 38377X4E9 | 02/20/41 | 2.500% | 82,201 |
| GNRM | 38380WWM7 | 12/20/47 | 2.500% | 60,626 |
| GNRM | 38383DGL6 | 11/20/51 | 2.500% | 476,045 |
| GNRA | 38383FFZ1 | 10/20/51 | 2.500% | 720,793 |
| 2 5/8 Note Z 27 | 91282CET4 | 05/31/27 | 1.000% | 295,000 |
| 2 1/4 Note J 26 | 91282CCU3 | 08/31/23 | 2.500% | <u>1,020,000</u> |
| | | | | <u><u>\$ 6,279,684</u></u> |

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Continued)

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

Discrete Component Units:

Cash and cash equivalents as of December 31, 2022, consisted of the following:

| | |
|---|---------------------|
| Unrestricted cash | \$ 123,110 |
| Restricted for reserves | 1,202,980 |
| Restricted for tenant security deposits | <u>54,350</u> |
| | <u>\$ 1,380,440</u> |

NOTE C - ACCOUNTS & ACCRUED RECEIVABLES:

Accounts and accrued receivable at December 31, 2022, consisted of the following:

| | |
|--|---------------------|
| Tenants (net of allowance of \$96,692) | \$ 11,442 |
| Accounts receivable – Hope Campus | 56,797 |
| Accounts receivable – DCU | 358,332 |
| Accounts receivable – employee | 5,577 |
| Accrued interest receivable | 198,588 |
| Accounts receivable – other | <u>396,013</u> |
| | <u>\$ 1,026,749</u> |

The above receivable balance excludes \$181,960 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, 2022, consisted of the following:

| | |
|---|------------------|
| Tenants (net of allowance of \$165,516) | \$ 14,429 |
| Miscellaneous | <u>2,422</u> |
| | <u>\$ 16,851</u> |

NOTE D - PREPAID CHARGES & OTHER ASSETS:

Prepaid charges and other assets at December 31, 2022, consisted of the following:

| | |
|--|-------------------|
| Prepaid insurance and other assets | \$ 48,144 |
| Assets Held for Sale – Strategic Community Investments | 419,444 |
| Assets Held for Sale – Business Activities | <u>346,489</u> |
| | <u>\$ 814,077</u> |

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Continued)

NOTE D - PREPAID CHARGES & OTHER ASSETS: (Cont'd)

Discrete Component Units:

Prepaid charges as of December 31, 2022, consisted of the following:

Prepaid insurance \$ 82,770

NOTE E - CAPITAL ASSETS:

The following is a summary of changes in capital assets during the year ended December 31, 2022:

| Enterprise Activities: | Balance at 12/31/2021 | Additions | Dispositions/ Transfers | Depreciation | Balance at 12/31/2022 |
|----------------------------------|--------------------------|---------------------|----------------------------|---------------------|--------------------------|
| Capital Assets: | | | | | |
| Land | \$ 922,230 | \$ 488 | \$ (196,025) | \$ - | \$ 726,693 |
| Buildings | 13,384,394 | 213,805 | 1,265,170 | - | 14,863,369 |
| Furniture & Equipment | 1,692,318 | 64,347 | - | - | 1,756,665 |
| Construction in Process | <u>807,688</u> | <u>950,011</u> | <u>(1,696,328)</u> | <u>-</u> | <u>61,371</u> |
| Total Capital Assets | 16,806,630 | 1,228,651 | (627,183) | - | 17,408,098 |
| Accumulated Depreciation: | | | | | |
| Buildings | (7,249,789) | - | (1) | (423,678) | (7,673,468) |
| Furniture & Equipment | <u>(645,993)</u> | <u>-</u> | <u>-</u> | <u>(167,842)</u> | <u>(813,835)</u> |
| | (7,895,782) | - | (1) | (591,520) | (8,487,303) |
| Net Capital Assets | <u>\$ 8,910,848</u> | <u>\$ 1,228,651</u> | <u>\$ (627,184)</u> | <u>\$ (591,520)</u> | <u>\$ 8,920,795</u> |

The following activities affected capital assets during the audit period:

| | |
|--|---------------------|
| Balance as of December 31, 2021 | \$ 8,910,848 |
| Capital additions – Blended Component Units | 288,298 |
| Capital additions – Business Activities, HCV | 940,353 |
| Net disposition/transfer of assets | (627,184) |
| Depreciation expense | <u>(591,520)</u> |
| Balance as of December 31, 2022 | <u>\$ 8,920,795</u> |

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Continued)

NOTE E - CAPITAL ASSETS:

| Discrete Component Units: | Balance at 12/31/2021 | Transfers/ Additions | Dispositions/ Transfers | Depreciation | Balance at 12/31/2022 |
|----------------------------------|--------------------------|-------------------------|----------------------------|---------------------|--------------------------|
| Capital Assets: | | | | | |
| Land | \$ 281,897 | \$ - | \$ - | \$ - | \$ 281,897 |
| Buildings & Improvements | 22,690,494 | 26,310 | (1) | - | 22,716,803 |
| Furniture & Equipment | 840,296 | - | - | - | 840,296 |
| Construction in Process | - | - | - | - | - |
| Total Capital Assets | 23,812,687 | 26,310 | (1) | - | 23,838,996 |
| Accumulated Depreciation | (8,698,065) | - | - | (737,952) | (9,436,017) |
| Net Capital Assets | <u>\$15,114,622</u> | <u>\$ 26,310</u> | <u>\$ (1)</u> | <u>\$ (737,952)</u> | <u>\$14,402,979</u> |

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, 2022, \$101,530 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, 2022, the outstanding principal balance is \$87,881 with \$19,620 in accrued interest 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. During the fiscal year, accrued interest earned was \$2,740. At December 31, 2022, the full principal balance and \$28,178 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, 2022, the full principal balance and \$139,550 in accrued interest was outstanding.

During FY2019, the Authority recorded a receivable from Riverview Hope Campus as a miscellaneous receivable in the amount of \$392,586. During FY2021, this receivable was reclassified to a long-term note receivable. At December 31, 2022, the outstanding balance is \$280,356 and is considered noncurrent.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Continued)

NOTE F - NOTES RECEIVABLE: (Cont'd)

Notes receivable consisted of the following at December 31, 2022:

| | Balance as of 12/31/21 | Change in Notes & (Forgiven) FY2022 | Accrued Interest | Balance as of 12/31/22 |
|---------------------------------|---------------------------|--|---------------------|---------------------------|
| HOME | \$ 149,267 | \$ (47,737) | \$ - | \$ 101,530 |
| Clayton Heights Development, LP | 103,095 | - | 4,406 | 107,501 |
| North Pointe, Inc. | 82,256 | - | 2,740 | 84,996 |
| North Pointe II, Inc. | 379,668 | - | 10,952 | 390,620 |
| Riverview Hope Campus | <u>344,829</u> | <u>(67,279)</u> | <u>2,806</u> | <u>280,356</u> |
| | \$ <u>1,059,115</u> | \$ <u>(115,016)</u> | \$ <u>20,904</u> | \$ <u>965,003</u> |

NOTE G - INVESTMENT IN JOINT VENTURES:

Investments in joint ventures at December 31, 2022, consisted of the following:

| | |
|---|-------------------|
| North Pointe Limited Partnership | \$ 73,397 |
| North Pointe II Limited Partnership | 907,741 |
| Clayton Heights Development Limited Partnership | <u>(72)</u> |
| | <u>\$ 981,066</u> |

NOTE H - OTHER ASSETS:

Other assets held by the *Discrete Component Units* as of December 31, 2022, consisted of the following:

| | |
|---|-------------------|
| Deferred fees, net of amortization | \$ 48,602 |
| Tax credit monitoring fees, net of amortization | 18,666 |
| Loan issuance costs, net of amortization | <u>78,055</u> |
| | <u>\$ 145,323</u> |

NOTE I - ACCOUNTS PAYABLE:

Accounts payable consisted of the following at December 31, 2022:

| | |
|---------------------------------|------------------|
| Vendors and contractors payable | \$ 47,167 |
| A/P – HUD | 2,077 |
| Tenant security deposits | <u>40,741</u> |
| | <u>\$ 89,985</u> |

The above payable balance excludes \$181,960 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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Continued)

NOTE I - ACCOUNTS PAYABLE: (Cont'd)

Discrete Component Units:

Accounts payable as of December 31, 2022, consisted of the following:

| | |
|---------------------------------|--------------------------|
| Vendors and contractors payable | \$ 9,605 |
| Accrued interest payable | 187,349 |
| Tenant security deposits | <u>54,350</u> |
| | <u><u>\$ 251,304</u></u> |

NOTE J - OTHER CURRENT LIABILITIES:

Other current liabilities consisted of the following at December 31, 2022:

| | |
|--|--------------------------|
| Accrued compensated absences - current portion | \$ 78,991 |
| Accrued wages/taxes payable | 34,738 |
| Current portion of long-term debt | 79,869 |
| Current portion of operating debt – Compass Realty | 83,958 |
| Other current liabilities | 54,658 |
| Unearned revenue | <u>6,125</u> |
| | <u><u>\$ 338,339</u></u> |

Discrete Component Units:

| | |
|--|--------------------------|
| Accrued compensated absences - current portion | \$ 6,068 |
| Accrued wages/taxes payable | 6,258 |
| Current portion of long-term debt | 216,447 |
| Other current liabilities | 22,074 |
| Unearned revenue | <u>8,447</u> |
| | <u><u>\$ 259,294</u></u> |

NOTE K - INTERFUND ACCOUNTS:

As of December 31, 2022, 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 | \$ 100,501 | \$ 0 |
| HCV | 35,202 | 33,949 |
| Mod Rehab | 0 | 4,245 |
| Blended Component Unit | 46,257 | 109,648 |
| Mainstream | <u>0</u> | <u>34,118</u> |
| | <u><u>\$ 181,960</u></u> | <u><u>\$ 181,960</u></u> |

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Continued)

NOTE L - NONCURRENT LIABILITIES:

Noncurrent liabilities consisted of the following at December 31, 2022:

| | |
|---|-------------------|
| FSS Escrow deposits | \$ 47,577 |
| Accrued compensated absences - noncurrent portion | <u>77,872</u> |
| | <u>\$ 125,449</u> |

| | Balance at 1/1/2022 | Adjustments/ Increases | Decreases | Balance at 12/31/2022 | Current Portion of Balance |
|----------------------|------------------------|---------------------------|--------------------|--------------------------|-------------------------------|
| Compensated absences | \$ 138,287 | \$ 18,576 | \$ - | \$ 156,863 | \$ 78,991 |
| FSS Escrow Deposits | <u>55,232</u> | <u>32,773</u> | <u>(40,428)</u> | <u>47,577</u> | <u>-</u> |
| | <u>\$ 193,519</u> | <u>\$ 51,349</u> | <u>\$ (40,428)</u> | <u>\$ 204,440</u> | <u>\$ 78,991</u> |

NOTE M - 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 forgiven in 15 equal installments of \$79,869. In FY2022, the Authority acquired an additional note in the amount of \$406,000 from ADFA to build 9th Street Cottages. The loan bears 1.00% interest with payments to begin one year after affordability period commences. As of December 31, 2022, the total loan balances were \$1,364,441.

Discrete Component Units:

As of December 31, 2022, the combined long-term debt held by the Discrete Component Unit was \$8,338,886. A summary of this year's activity follows:

| | Balance at 1/1/2022 | New Debt Issued | Principal Payments | Balance at 12/31/2022 | Current Portion of Balance |
|---------------------|------------------------|--------------------|-----------------------|--------------------------|----------------------------------|
| Clayton Heights | \$ 3,004,081 | \$ - | \$ (103,387) | \$ 2,900,694 | \$ 96,811 |
| North Pointe, LP | 1,601,233 | - | (47,451) | 1,553,782 | 50,520 |
| North Pointe II, LP | <u>3,951,383</u> | <u>-</u> | <u>(66,973)</u> | <u>3,884,410</u> | <u>69,116</u> |
| | <u>\$ 8,556,697</u> | <u>\$ -</u> | <u>\$ (217,811)</u> | <u>\$ 8,338,886</u> | <u>\$ 216,447</u> |

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022
(Continued)

NOTE N - PENSION PLAN:

The Authority has a defined contribution plan covering all eligible employees who elect to participate. The President & CEO 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, 2022, there were 32 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 \$1,488,242. The Authority's contributions to the plan were \$126,501 and the employees' contributions were \$81,853.

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

NOTE O - 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.

Strategic Community Investments 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 \$174,945 as a result of surplus cash on the Nelson Hall Homes, North Pointe, Inc, and North Pointe II, Inc.

NOTE P - 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, 2022 were as follows:

| | |
|-------------------------|---------------------|
| Housing Choice Vouchers | <u>\$ 7,752,169</u> |
|-------------------------|---------------------|

NOTE Q - 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, 2022
(Continued)

NOTE R - 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 S - 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, 2022.

NOTE T - 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 U - 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 3, 2023, 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.

NOTE V - EQUITY TRANSFER:

During FY2022, The Authority recorded an equity transfer of \$230,166. The Authority has removed the property known as Electric Park from the Business Activities program. This property is going to be developed into a new Low Income Housing Tax Credit property known as Newlon Springs Development LP.

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

COMBINING STATEMENTS

DECEMBER 31, 2022

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

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - BLENDED COMPONENT UNITS
December 31, 2022

| FDS Line# | Account Description | Nelson Hall Homes | Compass Realty & Construction Group | Strategic Community Investments | North Pointe, Inc. | North Pointe II, Inc | Clayton Heights Inc. | HACFS | Elimination | TOTAL |
|---------------------------------|--|----------------------|---|---------------------------------------|-----------------------|-------------------------|-------------------------|--------------|--------------|---------------|
| ASSETS: | | | | | | | | | | |
| CURRENT ASSETS: | | | | | | | | | | |
| Cash: | | | | | | | | | | |
| 111 | Cash - unrestricted | \$ 193,915 | \$ 1,053 | \$ 304,497 | \$ 21,889 | \$ 74,989 | \$ 44,403 | \$ 44,525 | \$ 0 | \$ 685,271 |
| 112 | Cash - restricted - modernization | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 113 | Cash - other restricted | 554,029 | 1,000 | 0 | 0 | 0 | 0 | 102,987 | 0 | 658,016 |
| 114 | Cash - tenant security deposits | 33,141 | 0 | 2,000 | 0 | 0 | 0 | 5,600 | 0 | 40,741 |
| 100 | Total Cash | 781,085 | 2,053 | 306,497 | 21,889 | 74,989 | 44,403 | 153,112 | 0 | 1,384,028 |
| Accounts and notes receivables: | | | | | | | | | | |
| 121 | Accounts receivable - PHA projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 122 | Accounts receivable - HUD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 124 | Accounts receivable - other government | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 125 | Accounts receivable - miscellaneous | 4,961 | 263,203 | 389,938 | 0 | 0 | 1,430 | 41,264 | 0 | 700,796 |
| 126 | Accounts receivable - tenants rents | 95,296 | 0 | 0 | 0 | 0 | 0 | 12,838 | 0 | 108,134 |
| 126.1 | Allowance for doubtful accounts - tenant | (89,199) | 0 | 0 | 0 | 0 | 0 | (7,493) | 0 | (96,692) |
| 126.2 | Allowance for doubtful accounts - other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 127 | Notes receivable - current | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 128 | Fraud recovery | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 128.1 | Allowance for doubtful accounts - fraud | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 129 | Accrued interest receivable | 0 | 0 | 10,007 | 28,179 | 139,550 | 0 | 0 | 0 | 177,736 |
| 120 | Total receivables - net | 11,058 | 263,203 | 399,945 | 28,179 | 139,550 | 1,430 | 46,609 | 0 | 889,974 |
| Current investments: | | | | | | | | | | |
| 131 | Investments - unrestricted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 132 | Investments - restricted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 135 | Investments - restricted for payment curr | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 142 | Prepaid expenses and other assets | 6,128 | 9,046 | 4,958 | 0 | 0 | 0 | 9,623 | 0 | 29,755 |
| 143 | Inventories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 143.1 | Allowance for obsolete inventories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 144 | Interprogram due from | 512 | 27,659 | 18,086 | 0 | 0 | 0 | 0 | 0 | 46,257 |
| 145 | Assets held for sale | 0 | 86,069 | 333,375 | 0 | 0 | 0 | 0 | 0 | 419,444 |
| 150 | TOTAL CURRENT ASSETS | 798,783 | 388,030 | 1,062,861 | 50,068 | 214,539 | 45,833 | 209,344 | 0 | 2,769,458 |
| NONCURRENT ASSETS: | | | | | | | | | | |
| Capital Assets: | | | | | | | | | | |
| 161 | Land | 29,030 | 0 | 200,854 | 0 | 0 | 0 | 160,574 | 0 | 390,458 |
| 162 | Buildings | 12,327,223 | 0 | 286,268 | 0 | 0 | 0 | 2,249,878 | 0 | 14,863,369 |
| 163 | Furniture & equipment - dwelling | 1,019,010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,019,010 |
| 164 | Furniture & equipment - admin | 249,174 | 70,142 | 10,300 | 0 | 0 | 0 | 0 | 0 | 329,616 |
| 165 | Improvements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 166 | Accumulated depreciation | (7,976,977) | (22,847) | (114,866) | 0 | 0 | 0 | (144,582) | 0 | (8,259,272) |
| 167 | Construction in progress | 32,890 | 0 | 0 | 0 | 0 | 0 | 4,061 | 0 | 36,951 |
| 168 | Infrastructure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 160 | Total capital assets - net | 5,680,350 | 47,295 | 382,556 | 0 | 0 | 0 | 2,269,931 | 0 | 8,380,132 |
| 171 | Notes receivable - noncurrent | 0 | 0 | 339,685 | 56,818 | 251,070 | 0 | 0 | (339,685) | 307,888 |
| 172 | Notes receivable - noncurrent past due | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 173 | Grant receivable - noncurrent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 174 | Other assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 176 | Investment in joint ventures | 0 | 0 | 0 | 73,397 | 907,741 | (72) | 0 | 0 | 981,066 |
| 180 | TOTAL NONCURRENT ASSETS | 5,680,350 | 47,295 | 722,241 | 130,215 | 1,158,811 | (72) | 2,269,931 | (339,685) | 9,669,086 |
| 200 | DEFERRED OUTFLOW OF RESOURCES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 290 | TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES | \$ 6,479,133 | \$ 435,325 | \$ 1,785,102 | \$ 180,283 | \$ 1,373,350 | \$ 45,761 | \$ 2,479,275 | \$ (339,685) | \$ 12,438,544 |

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

FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - BLENDED COMPONENT UNITS
December 31, 2022

| FDS Line# | Account Description | Nelson Hall Homes | Compass Realty & Construction Group | Strategic Community Investments | North Pointe, Inc. | North Pointe II, Inc | Clayton Heights Inc. | HACFS | Elimination | TOTAL |
|--------------------------------------|---|----------------------|---|---------------------------------------|-----------------------|-------------------------|-------------------------|---------------------|---------------------|----------------------|
| LIABILITIES AND NET POSITION: | | | | | | | | | | |
| LIABILITIES: | | | | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | | | | |
| 311 | Cash overdraft | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| 312 | Accounts payable < 90 days | 11,940 | 33,147 | 174 | 0 | 0 | 0 | 1,282 | 0 | 46,543 |
| 313 | Accounts payable > 90 days | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 321 | Accrued salaries/payroll withholding | 6,548 | 3,344 | 0 | 0 | 0 | 0 | 0 | 0 | 9,892 |
| 322 | Accrued compensated absences | 13,006 | 17,945 | 0 | 0 | 0 | 0 | 0 | 0 | 30,951 |
| 324 | Accrued contingency liability | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 325 | Accrued interest payable | 0 | 0 | 0 | 28,179 | 139,550 | 0 | 26,127 | 0 | 193,856 |
| 331 | Accounts payable - HUD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 332 | Accounts payable - PHA projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 333 | Accounts payable - other gov. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 341 | Tenant security deposits | 33,141 | 0 | 2,000 | 0 | 0 | 0 | 5,600 | 0 | 40,741 |
| 342 | Unearned revenue | 5,490 | 0 | 0 | 0 | 0 | 0 | 635 | 0 | 6,125 |
| 343 | Current portion of capital debt | 0 | 0 | 0 | 0 | 0 | 0 | 79,869 | 0 | 79,869 |
| 344 | Current portion of operating debt | 0 | 83,958 | 0 | 0 | 0 | 0 | 0 | 0 | 83,958 |
| 345 | Other current liabilities | 5,783 | 1,743 | 2,838 | 0 | 0 | 0 | 10,504 | 0 | 20,868 |
| 346 | Accrued liabilities - other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 347 | Interprogram (due to) | 67,082 | 5,109 | 14,240 | 0 | 0 | 1,287 | 21,930 | 0 | 109,648 |
| 348 | Loan liability - current | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 310 | TOTAL CURRENT LIABILITIES | 142,990 | 145,246 | 19,252 | 28,179 | 139,550 | 1,287 | 145,947 | 0 | 622,451 |
| NONCURRENT LIABILITIES: | | | | | | | | | | |
| 351 | Long-term optg debt, net of current | 0 | 0 | 0 | 56,818 | 251,070 | 0 | 0 | 0 | 307,888 |
| 352 | Long-term capital debt, net of current | 0 | 0 | 0 | 0 | 0 | 0 | 2,184,257 | (339,685) | 1,844,572 |
| 353 | Noncurrent liabilities - other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 354 | Accrued comp. absences - long term | 0 | 31,839 | 0 | 0 | 0 | 0 | 0 | 0 | 31,839 |
| 355 | Loan liability - noncurrent | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 356 | FASB 5 liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 357 | Accrued pension and OPEB liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 350 | TOTAL NONCURRENT LIABILITIES | 0 | 31,839 | 0 | 56,818 | 251,070 | 0 | 2,184,257 | (339,685) | 2,184,299 |
| 300 | TOTAL LIABILITIES | 142,990 | 177,085 | 19,252 | 84,997 | 390,620 | 1,287 | 2,330,204 | (339,685) | 2,806,750 |
| 400 | DEFERRED INFLOW OF RESOURCES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NET POSITION: | | | | | | | | | | |
| 508.4 | Net Investment in Capital Assets | 5,680,350 | 47,295 | 382,556 | 0 | 0 | 0 | 5,805 | 339,685 | 6,455,691 |
| 511.4 | Restricted | 554,029 | 0 | 0 | 0 | 0 | 0 | 102,987 | 0 | 657,016 |
| 512.4 | Unrestricted | 101,764 | 210,945 | 1,383,294 | 95,286 | 982,730 | 44,474 | 40,279 | (339,685) | 2,519,087 |
| 513 | TOTAL NET POSITION | 6,336,143 | 258,240 | 1,765,850 | 95,286 | 982,730 | 44,474 | 149,071 | 0 | 9,631,794 |
| 600 | TOTAL LIABILITIES AND NET POSITION | \$ 6,479,133 | \$ 435,325 | \$ 1,785,102 | \$ 180,283 | \$ 1,373,350 | \$ 45,761 | \$ 2,479,275 | \$ (339,685) | \$ 12,438,544 |

Housing Authority of the City of Fort Smith
Fort Smith Arkansas

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - BLENDED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2022

| FDS Line# | Account Description | Nelson Hall Homes | Compass Realty & Construction Group | Strategic Community Investments | North Pointe, Inc. | North Pointe II, Inc | Clayton Heights Inc. | HACFS | TOTAL |
|------------------------|------------------------------------|----------------------|---|---------------------------------------|-----------------------|-------------------------|-------------------------|-------------------|---------------------|
| REVENUES: | | | | | | | | | |
| 70300 | Net tenant rental revenue | \$ 1,637,873 | \$ 0 | \$ 34,375 | \$ 0 | \$ 0 | \$ 0 | \$ 66,033 | \$ 1,738,281 |
| 70400 | Tenant revenue - other | 156,089 | 0 | 0 | 0 | 0 | 0 | 1,645 | 157,734 |
| 70500 | Total tenant revenue | 1,793,962 | 0 | 34,375 | 0 | 0 | 0 | 67,678 | 1,896,015 |
| 70600 | HUD PHA grants - operating | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70610 | HUD PHA grants - capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70710 | Management fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70720 | Asset management fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70730 | Bookkeeping fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70740 | Front line service fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70750 | Other fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70700 | Total fee revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 70800 | Other government grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 71100 | Investment income - unrestricted | 676 | 275 | 1,767 | 38 | 187 | 85 | 25 | 3,053 |
| 71200 | Mortgage interest income | 0 | 0 | 6,954 | 2,740 | 10,952 | 0 | 0 | 20,646 |
| 71300 | Proceeds from assets held for sale | 0 | 1,953,900 | 0 | 0 | 0 | 0 | 0 | 1,953,900 |
| 71310 | Cost of sale of assets | 0 | (1,674,849) | 0 | 0 | 0 | 0 | 0 | (1,674,849) |
| 71400 | Fraud income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 71500 | Other revenue | 14,625 | 205,993 | 288,662 | 0 | 78,420 | 7,864 | 171,512 | 767,076 |
| 71600 | Gain/(loss) on disposition | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 72000 | Investment income - restricted | 1,589 | 0 | 0 | 0 | 0 | 0 | 25 | 1,614 |
| 70000 | TOTAL REVENUES | \$ 1,810,852 | \$ 485,319 | \$ 331,758 | \$ 2,778 | \$ 89,559 | \$ 7,949 | \$ 239,240 | \$ 2,967,455 |
| EXPENSES: | | | | | | | | | |
| Administrative | | | | | | | | | |
| 91100 | Administrative salaries | \$ 110,433 | \$ 206,027 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 316,460 |
| 91200 | Auditing fees | 4,750 | 2,472 | 0 | 0 | 0 | 0 | 0 | 7,222 |
| 91300 | Management fees | 251,576 | 52,493 | 170,880 | 0 | 0 | 0 | 5,957 | 480,906 |
| 91310 | Bookkeeping fees | 0 | 0 | 0 | 0 | 0 | 0 | 5,957 | 5,957 |
| 91400 | Advertising & marketing | 2,307 | 8,667 | 0 | 0 | 0 | 0 | 271 | 11,245 |
| 91500 | Employee benefits - administrative | 33,981 | 75,543 | 0 | 0 | 0 | 0 | 0 | 109,524 |
| 91600 | Office expense | 48,041 | 35,994 | 5,475 | 0 | 0 | 1 | 2,342 | 91,853 |
| 91700 | Legal expense | 2,364 | 0 | 0 | 0 | 0 | 0 | 733 | 3,097 |
| 91800 | Travel expense | 1,854 | 0 | 0 | 0 | 0 | 0 | 0 | 1,854 |
| 91810 | Allocated Overhead | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 91900 | Other operating - administrative | 20,169 | 28,551 | 1,502 | 619 | 630 | 626 | 93 | 52,190 |
| 91000 | Total Administrative Expense | 475,475 | 409,747 | 177,857 | 619 | 630 | 627 | 15,353 | 1,080,308 |
| 92000 | Asset management fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Tenant Services | | | | | | | | | |
| 92100 | Tenant services - salaries | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 92200 | Relocation costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 92300 | Employee benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 92400 | Other tenant services | 1,025 | 0 | 0 | 0 | 0 | 0 | 0 | 1,025 |
| 92500 | Total Tenant Services | 1,025 | 0 | 0 | 0 | 0 | 0 | 0 | 1,025 |
| Utilities | | | | | | | | | |
| 93100 | Water | 130,688 | 118 | 0 | 0 | 0 | 0 | 1,651 | 132,457 |
| 93200 | Electricity | 169,850 | 754 | 0 | 0 | 0 | 0 | 3,615 | 174,219 |
| 93300 | Gas | 11,064 | 0 | 0 | 0 | 0 | 0 | 0 | 11,064 |
| 93400 | Fuel | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 93500 | Labor | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 93600 | Sewer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 93700 | Employee benefits - utilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 93800 | Other utilities expense | 43,391 | 669 | 0 | 0 | 0 | 0 | 433 | 44,493 |
| 93000 | Total Utilities Expense | 354,993 | 1,541 | 0 | 0 | 0 | 0 | 5,699 | 362,233 |

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

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS - BLENDED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2022**

| FDS Line# | Account Description | Nelson Hall Homes | Compass Realty & Construction Group | Strategic Community Investments | North Pointe, Inc. | North Pointe II, Inc. | Clayton Heights Inc. | HACFS | TOTAL |
|---|--|----------------------|---|---------------------------------------|-----------------------|--------------------------|-------------------------|-------------------|---------------------|
| Ordinary Maintenance & Operation | | | | | | | | | |
| 94100 | Labor | 228,767 | 6,993 | 0 | 0 | 0 | 0 | 5,957 | 241,717 |
| 94200 | Materials | 108,713 | 9,681 | 0 | 0 | 0 | 0 | 7,476 | 125,870 |
| 94300 | Contracts | 135,780 | 1,440 | 19,140 | 0 | 0 | 0 | 7,980 | 164,340 |
| 94300-010 | Garbage & trash | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-020 | Heating & cooling | 107 | 0 | 0 | 0 | 0 | 0 | 107 | 214 |
| 94300-030 | Snow Removal | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-040 | Elevator maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-050 | Landscape & grounds | 39,090 | 0 | 19,140 | 0 | 0 | 0 | 5,300 | 63,530 |
| 94300-060 | Unit turnaround | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-070 | Electrical | 13,162 | 0 | 0 | 0 | 0 | 0 | 0 | 13,162 |
| 94300-080 | Plumbing | 26,484 | 0 | 0 | 0 | 0 | 0 | 0 | 26,484 |
| 94300-090 | Extermination | 11,874 | 0 | 0 | 0 | 0 | 0 | 1,999 | 13,873 |
| 94300-100 | Janitorial | 18,232 | 0 | 0 | 0 | 0 | 0 | 225 | 18,457 |
| 94300-110 | Routine maintenance | 5,818 | 1,440 | 0 | 0 | 0 | 0 | 182 | 7,440 |
| 94300-120 | Contract costs - other | 21,013 | 0 | 0 | 0 | 0 | 0 | 167 | 21,180 |
| 94500 | Employee benefits | 93,211 | 461 | 0 | 0 | 0 | 0 | 0 | 93,672 |
| 94000 | Total Ordinary Maint & Operation | 566,471 | 18,575 | 19,140 | 0 | 0 | 0 | 21,413 | 625,599 |
| Insurance Premiums | | | | | | | | | |
| 96110 | Property insurance | 64,994 | 0 | 4,197 | 0 | 0 | 0 | 9,009 | 78,200 |
| 96120 | Liability insurance | 5,240 | 37,847 | 986 | 0 | 0 | 0 | 1,000 | 45,073 |
| 96130 | Workmen's compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 96140 | Insurance - other | 9,397 | 6,190 | 1,725 | 0 | 0 | 0 | 0 | 17,312 |
| 96100 | Total Insurance Premiums | 79,631 | 44,037 | 6,908 | 0 | 0 | 0 | 10,009 | 140,585 |
| General Expenses | | | | | | | | | |
| 96200 | Other general expense | 18,394 | 69,782 | 106,183 | 30 | 73,768 | 4,213 | 7,869 | 280,239 |
| 96210 | Compensated absences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 96300 | Payments in lieu of taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 96400 | Bad debt - tenant rents | 12,747 | 0 | 0 | 0 | 0 | 0 | 3,748 | 16,495 |
| 96500 | Bad debt - mortgages | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 96600 | Bad debt - other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 96800 | Severance expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 96000 | Total General Expenses | 31,141 | 69,782 | 106,183 | 30 | 73,768 | 4,213 | 11,617 | 296,734 |
| Financial Expenses | | | | | | | | | |
| 96710 | Interest expense - mortgage payable | 0 | 0 | 0 | 2,740 | 10,952 | 0 | 2,674 | 16,366 |
| 96720 | Interest expense - notes payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 96730 | Amortization - issuance costs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 96700 | Total Financial Expenses | 0 | 0 | 0 | 2,740 | 10,952 | 0 | 2,674 | 16,366 |
| 96900 | TOTAL OPERATING EXPENSE | 1,508,736 | 543,682 | 310,088 | 3,389 | 85,350 | 4,840 | 66,765 | 2,522,850 |
| 97000 | EXCESS OPERATING REVENUE | 302,116 | (58,363) | 21,670 | (611) | 4,209 | 3,109 | 172,475 | 444,605 |
| Other Expenses | | | | | | | | | |
| 97100 | Extraordinary maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 97200 | Casualty losses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 97300 | Housing assistance payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 97350 | Portability HAP expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 97400 | Depreciation expense | 467,413 | 4,500 | 9,781 | 0 | 0 | 0 | 41,614 | 523,308 |
| | Total Other Expenses | 467,413 | 4,500 | 9,781 | 0 | 0 | 0 | 41,614 | 523,308 |
| 90000 | TOTAL EXPENSES | \$ 1,976,149 | \$ 548,182 | \$ 319,869 | \$ 3,389 | \$ 85,350 | \$ 4,840 | \$ 108,379 | \$ 3,046,158 |
| 10000 | EXCESS OF REVENUE OVER EXPENSES | \$ (165,297) | \$ (62,863) | \$ 11,889 | \$ (611) | \$ 4,209 | \$ 3,109 | \$ 130,861 | \$ (78,703) |
| 11020 | Required annual debt principal payer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11030 | Beginning Net Position | 6,501,440 | 321,103 | 1,753,961 | 95,897 | 978,521 | 41,365 | 0 | 9,692,287 |
| 11040-010 | Prior period adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11040-070 | Equity transfers | 0 | 0 | 0 | 0 | 0 | 0 | 18,210 | 18,210 |
| | Ending Net Position | \$ 6,336,143 | \$ 258,240 | \$ 1,765,850 | \$ 95,286 | \$ 982,730 | \$ 44,474 | \$ 149,071 | \$ 9,631,794 |

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

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS
December 31, 2022**

| <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> |
|---------------------------------|--|-----------------------------|--------------------------------|--|----------------------|
| ASSETS: | | | | | |
| CURRENT ASSETS: | | | | | |
| Cash: | | | | | |
| 111 | Cash - unrestricted | \$ 18,459 | \$ 57,911 | \$ 46,740 | \$ 123,110 |
| 112 | Cash - restricted - modernization | 0 | 0 | 0 | 0 |
| 113 | Cash - other restricted | 326,369 | 457,260 | 419,351 | 1,202,980 |
| 114 | Cash - tenant security deposits | 15,950 | 19,150 | 19,250 | 54,350 |
| 115 | Cash - restricted for payment of current liabilities | 0 | 0 | 0 | 0 |
| 100 | Total Cash | <u>360,778</u> | <u>534,321</u> | <u>485,341</u> | <u>1,380,440</u> |
| 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 | 409 | 556 | 1,457 | 2,422 |
| 126 | Accounts receivable - tenants rents | 60,375 | 71,481 | 48,089 | 179,945 |
| 126.1 | Allowance for doubtful accounts - tenants | (51,791) | (68,320) | (45,405) | (165,516) |
| 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 | Total receivables - net | <u>8,993</u> | <u>3,717</u> | <u>4,141</u> | <u>16,851</u> |
| Current investments: | | | | | |
| 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 | 32,919 | 25,779 | 24,072 | 82,770 |
| 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 | TOTAL CURRENT ASSETS | <u>402,690</u> | <u>563,817</u> | <u>513,554</u> | <u>1,480,061</u> |
| NONCURRENT ASSETS: | | | | | |
| Capital Assets: | | | | | |
| 161 | Land | 40,000 | 93,985 | 147,912 | 281,897 |
| 162 | Buildings | 5,734,445 | 8,871,339 | 8,111,019 | 22,716,803 |
| 163 | Furniture & equipment - dwelling | 0 | 0 | 0 | 0 |
| 164 | Furniture & equipment - admin | 86,598 | 594,398 | 159,300 | 840,296 |
| 165 | Improvements | 0 | 0 | 0 | 0 |
| 166 | Accumulated depreciation | (2,469,637) | (4,250,253) | (2,716,127) | (9,436,017) |
| 167 | Construction in progress | 0 | 0 | 0 | 0 |
| 168 | Infrastructure | 0 | 0 | 0 | 0 |
| 160 | Total capital assets - net | <u>3,391,406</u> | <u>5,309,469</u> | <u>5,702,104</u> | <u>14,402,979</u> |
| 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 | 47,477 | 78,055 | 19,791 | 145,323 |
| 176 | Investment in joint ventures | 0 | 0 | 0 | 0 |
| 180 | TOTAL NONCURRENT ASSETS | <u>3,438,883</u> | <u>5,387,524</u> | <u>5,721,895</u> | <u>14,548,302</u> |
| 200 | DEFERRED OUFLOW OF RESOURCES | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 290 | TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES | <u>\$ 3,841,573</u> | <u>\$ 5,951,341</u> | <u>\$ 6,235,449</u> | <u>\$ 16,028,363</u> |

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

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - DISCRETE COMPONENT UNITS
December 31, 2022**

| <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> |
|--------------------------------------|--|-----------------------------|--------------------------------|--|----------------------|
| LIABILITIES AND NET POSITION: | | | | | |
| LIABILITIES: | | | | | |
| CURRENT LIABILITIES: | | | | | |
| 311 | Cash overdraft | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 312 | Accounts payable < 90 days | 3,298 | 3,027 | 3,280 | 9,605 |
| 313 | Accounts payable > 90 days | 0 | 0 | 0 | 0 |
| 321 | Accrued salaries/payroll withholding | 1,829 | 2,378 | 2,051 | 6,258 |
| 322 | Accrued compensated absences | 1,927 | 2,126 | 2,015 | 6,068 |
| 324 | Accrued contingency liability | 0 | 0 | 0 | 0 |
| 325 | Accrued interest payable | 28,179 | 139,550 | 19,620 | 187,349 |
| 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 | 15,950 | 19,150 | 19,250 | 54,350 |
| 342 | Unearned revenue | 2,438 | 3,649 | 2,360 | 8,447 |
| 343 | Current portion of L-T debt - capital projects | 50,520 | 69,116 | 96,811 | 216,447 |
| 344 | Current portion of L-T debt - operating | 0 | 0 | 0 | 0 |
| 345 | Other current liabilities | 6,406 | 7,761 | 6,477 | 20,644 |
| 346 | Accrued liabilities - other | 0 | 0 | 1,430 | 1,430 |
| 347 | Interprogram (due to) | 0 | 0 | 0 | 0 |
| 348 | Loan liability - current | 0 | 0 | 0 | 0 |
| 310 | TOTAL CURRENT LIABILITIES | 110,547 | 246,757 | 153,294 | 510,598 |
| NONCURRENT LIABILITIES: | | | | | |
| 351 | Long-term debt, net of current - capital | 1,503,262 | 3,815,294 | 2,803,883 | 8,122,439 |
| 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 | TOTAL NONCURRENT LIABILITIES | 1,503,262 | 3,815,294 | 2,803,883 | 8,122,439 |
| 300 | TOTAL LIABILITIES | 1,613,809 | 4,062,051 | 2,957,177 | 8,633,037 |
| 400 | DEFERRED INFLOW OF RESOURCES | 0 | 0 | 0 | 0 |
| NET POSITION: | | | | | |
| 508.4 | Net Investment in Capital Assets | 1,837,625 | 1,425,059 | 2,801,410 | 6,064,094 |
| 511.4 | Restricted | 326,369 | 457,260 | 419,351 | 1,202,980 |
| 512.4 | Unrestricted | 63,770 | 6,971 | 57,511 | 128,252 |
| 513 | TOTAL NET POSITION | 2,227,764 | 1,889,290 | 3,278,272 | 7,395,326 |
| 600 | TOTAL LIABILITIES AND NET POSITION | \$ 3,841,573 | \$ 5,951,341 | \$ 6,235,449 | \$ 16,028,363 |

**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, 2022**

| <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> |
|------------------|---|-----------------------------|--------------------------------|--|---------------------|
| REVENUES: | | | | | |
| 70300 | Net tenant rental revenue | \$ 448,660 | \$ 630,966 | \$ 574,168 | \$ 1,653,794 |
| 70400 | Tenant revenue - other | 11,963 | 9,204 | 6,927 | 28,094 |
| 70500 | Total tenant revenue | 460,623 | 640,170 | 581,095 | 1,681,888 |
| 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 | 632 | 193 | 224 | 1,049 |
| 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 | 0 | 0 | 0 | 0 |
| 71600 | Gain/(loss) on disposition | 0 | 0 | 0 | 0 |
| 72000 | Investment income - restricted | 43 | 127 | 1,116 | 1,286 |
| 70000 | TOTAL REVENUES | \$ 461,298 | \$ 640,490 | \$ 582,435 | \$ 1,684,223 |
| EXPENSES: | | | | | |
| Administrative | | | | | |
| 91100 | Administrative salaries | \$ 40,632 | \$ 53,741 | \$ 46,672 | \$ 141,045 |
| 91200 | Auditing fees | 5,000 | 6,500 | 5,000 | 16,500 |
| 91300 | Management fees | 23,669 | 38,433 | 28,833 | 90,935 |
| 91310 | Bookkeeping fees | 0 | 0 | 0 | 0 |
| 91400 | Advertising & marketing | 1,273 | 1,598 | 1,489 | 4,360 |
| 91500 | Employee benefits - administrative | 9,867 | 12,998 | 11,275 | 34,140 |
| 91600 | Office expense | 12,219 | 15,762 | 13,798 | 41,779 |
| 91700 | Legal expense | 1,075 | 1,200 | 773 | 3,048 |
| 91800 | Travel expense | 0 | 0 | 0 | 0 |
| 91810 | Allocated Overhead | 0 | 0 | 0 | 0 |
| 91900 | Other operating - administrative | 3,996 | 4,136 | 3,938 | 12,070 |
| 91000 | Total Administrative Expense | 97,731 | 134,368 | 111,778 | 343,877 |
| 92000 | Asset management fee | 5,771 | 3,461 | 6,434 | 15,666 |
| Utilities | | | | | |
| 93100 | Water | 1,296 | 592 | 374 | 2,262 |
| 93200 | Electricity | 3,901 | 2,340 | 1,173 | 7,414 |
| 93300 | Gas | 1,910 | 1,247 | 976 | 4,133 |
| 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 | 1,288 | 432 | 325 | 2,045 |
| 93000 | Total Utilities Expense | 8,395 | 4,611 | 2,848 | 15,854 |

**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, 2022**

| <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> |
|------------------|--|-----------------------------|--------------------------------|--|--------------|
| | Ordinary Maintenance & Operation | | | | |
| 94100 | Labor | 37,233 | 47,207 | 40,558 | 124,998 |
| 94200 | Materials | 59,921 | 93,413 | 34,089 | 187,423 |
| 94300 | Contracts | 48,819 | 43,730 | 45,156 | 137,705 |
| 94300-010 | Garbage & trash removal contracts | 0 | 0 | 0 | 0 |
| 94300-020 | Heating & cooling contracts | 0 | 1,656 | 0 | 1,656 |
| 94300-030 | Snow Removal contracts | 0 | 0 | 0 | 0 |
| 94300-040 | Elevator maintenance contracts | 0 | 0 | 0 | 0 |
| 94300-050 | Landscape & grounds contracts | 20,687 | 22,853 | 32,499 | 76,039 |
| 94300-060 | Unit turnaround contracts | 0 | 0 | 0 | 0 |
| 94300-070 | Electrical contracts | 0 | 0 | 0 | 0 |
| 94300-080 | Plumbing contracts | 0 | 197 | 626 | 823 |
| 94300-090 | Extermination contracts | 3,990 | 1,980 | 2,787 | 8,757 |
| 94300-100 | Janitorial contracts | 2,243 | 1,755 | 1,192 | 5,190 |
| 94300-110 | Routine maintenance contracts | 2,639 | 2,631 | 1,466 | 6,736 |
| 94300-120 | Contract costs - other | 19,260 | 12,658 | 6,586 | 38,504 |
| 94500 | Employee benefit contributions | 2,820 | 3,575 | 3,071 | 9,466 |
| 94000 | Total Ordinary Maintenance & Operation | 148,793 | 187,925 | 122,874 | 459,592 |
| | Insurance Premiums | | | | |
| 96110 | Property insurance | 28,194 | 24,939 | 20,692 | 73,825 |
| 96120 | Liability insurance | 6,656 | 7,658 | 6,889 | 21,203 |
| 96130 | Workmen's compensation | 0 | 0 | 0 | 0 |
| 96140 | Insurance - other | 527 | 17,285 | 611 | 18,423 |
| 96100 | Total Insurance Premiums | 35,377 | 49,882 | 28,192 | 113,451 |
| | General Expenses | | | | |
| 96200 | Other general expense | 0 | 78,418 | 7,864 | 86,282 |
| 96210 | Compensated absences | 0 | 0 | 0 | 0 |
| 96300 | Payments in lieu of taxes | 0 | 0 | 0 | 0 |
| 96400 | Bad debt - tenant rents | 6,117 | 3,338 | 7,414 | 16,869 |
| 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 | 6,117 | 81,756 | 15,278 | 103,151 |
| | Financial Expenses | | | | |
| 96710 | Interest expense - mortgage payable | 102,446 | 130,521 | 159,294 | 392,261 |
| 96720 | Interest expense - notes payable | 0 | 0 | 0 | 0 |
| 96730 | Amortization - issuance costs | 3,154 | 10,768 | 4,550 | 18,472 |
| 96700 | Total Financial Expenses | 105,600 | 141,289 | 163,844 | 410,733 |
| 96900 | TOTAL OPERATING EXPENSE | 407,784 | 603,292 | 451,248 | 1,462,324 |
| 97000 | EXCESS OPERATING REVENUE | 53,514 | 37,198 | 131,187 | 221,899 |

**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, 2022**

| <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> |
|------------------|---|-----------------------------|--------------------------------|--|----------------------------|
| | 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 | 157,614 | 307,780 | 272,558 | 737,952 |
| 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 | <u>157,614</u> | <u>307,780</u> | <u>272,558</u> | <u>737,952</u> |
| 90000 | TOTAL EXPENSES | \$ <u>565,398</u> | \$ <u>911,072</u> | \$ <u>723,806</u> | \$ <u>2,200,276</u> |
| 10000 | EXCESS OF REVENUE OVER EXPENSES | \$ <u>(104,100)</u> | \$ <u>(270,582)</u> | \$ <u>(141,371)</u> | \$ <u>(516,053)</u> |
| 11020 | Required annual debt principal payments | 0 | 0 | 0 | 0 |
| 11030 | Beginning Net Position | 2,331,864 | 2,179,476 | 3,419,895 | 7,931,235 |
| 11040-010 | Prior period adjustments | 0 | 0 | 0 | 0 |
| 11040-070 | Equity transfers - distributions | <u>0</u> | <u>(19,604)</u> | <u>(252)</u> | <u>(19,856)</u> |
| | Ending Net Position | \$ <u>2,227,764</u> | \$ <u>1,889,290</u> | \$ <u>3,278,272</u> | \$ <u>7,395,326</u> |

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

SINGLE AUDIT SECTION

DECEMBER 31, 2022



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, 2022, 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 3, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Fort Smith's internal control over financial reporting (internal control) as a basis for designing 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 of the City of Fort Smith's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Fort Smith's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Housing Authority of the City of Fort Smith'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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 3, 2023



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

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Fort Smith's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the Authority 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than

for that resulting from error; as fraud may involve override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rector, Reeder & Lofton, PC
Certified Public Accountants

Loganville, Georgia
April 3, 2023

**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, 2021, contained no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results:

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:

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 federal programs:

Material weakness(es) identified?

No

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

None reported

Type of auditor’s report issued on the compliance for major federal programs:

Unmodified

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

No

Identification of major federal programs:

- Section 8 Housing Choice Vouchers Program CFDA #14.871
- Mainstream Vouchers CFDA #14.879

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, 2022

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

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
December 31, 2022**

| FDS Line# | Account Description | Blended Component Unit | Home Investment Partnership Program 14.258 | Family Self-Sufficiency Program 14.896 | FSS Escrow Forfeiture Account 14.EFA | Section 8 Moderate Housing Assistance 14.856 | Section 8 Housing Choice Vouchers 14.871 |
|---------------------------------|--|------------------------------|--|---|---|--|--|
| ASSETS: | | | | | | | |
| CURRENT ASSETS: | | | | | | | |
| Cash: | | | | | | | |
| 111 | Cash - unrestricted | \$ 685,271 | \$ 0 | \$ 0 | \$ 0 | \$ 225,926 | \$ 1,176,811 |
| 112 | Cash - restricted modernization and development | 0 | 0 | 0 | 0 | 0 | 0 |
| 113 | Cash - other restricted | 658,016 | 0 | 0 | 3,521 | 0 | 186,344 |
| 114 | Cash - tenant security deposits | 40,741 | 0 | 0 | 0 | 0 | 0 |
| 115 | Cash - restricted for payment of current liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| 100 | Total Cash | 1,384,028 | 0 | 0 | 3,521 | 225,926 | 1,363,155 |
| Accounts and notes receivables: | | | | | | | |
| 121 | Accounts receivable - PHA projects | 0 | 0 | 0 | 0 | 0 | 0 |
| 122 | Accounts receivable - HUD | 0 | 0 | 0 | 0 | 0 | 0 |
| 124 | Accounts receivable - other government | 0 | 0 | 0 | 0 | 0 | 0 |
| 125 | Accounts receivable - miscellaneous | 700,796 | 0 | 0 | 0 | 0 | 23,806 |
| 126 | Accounts receivable - tenants rents | 108,134 | 0 | 0 | 0 | 0 | 0 |
| 126.1 | Allowance for doubtful accounts - tenants | (96,692) | 0 | 0 | 0 | 0 | 0 |
| 126.2 | Allowance for doubtful accounts - other | 0 | 0 | 0 | 0 | 0 | 0 |
| 127 | Notes Receivable - current | 0 | 0 | 0 | 0 | 0 | 0 |
| 128 | Fraud Recovery | 0 | 0 | 0 | 0 | 0 | 0 |
| 128.1 | Allowance for doubtful accounts - fraud | 0 | 0 | 0 | 0 | 0 | 0 |
| 129 | Accrued interest receivable | 177,736 | 0 | 0 | 0 | 0 | 16,119 |
| 120 | Total receivables - net | 889,974 | 0 | 0 | 0 | 0 | 39,925 |
| Current investments: | | | | | | | |
| 131 | Investments - unrestricted | 0 | 0 | 0 | 0 | 0 | 0 |
| 132 | Investments - restricted | 0 | 0 | 0 | 0 | 0 | 0 |
| 135 | Investments - restricted for payment of current liability: | 0 | 0 | 0 | 0 | 0 | 0 |
| 142 | Prepaid expenses and other assets | 29,755 | 0 | 0 | 0 | 0 | 17,138 |
| 143 | Inventories | 0 | 0 | 0 | 0 | 0 | 0 |
| 143.1 | Allowance for obsolete inventories | 0 | 0 | 0 | 0 | 0 | 0 |
| 144 | Interprogram due from | 46,257 | 0 | 0 | 0 | 0 | 35,202 |
| 145 | Assets held for sale | 419,444 | 0 | 0 | 0 | 0 | 0 |
| 150 | TOTAL CURRENT ASSETS | 2,769,458 | 0 | 0 | 3,521 | 225,926 | 1,455,420 |
| NONCURRENT ASSETS: | | | | | | | |
| Capital Assets: | | | | | | | |
| 161 | Land | 390,458 | 0 | 0 | 0 | 0 | 0 |
| 162 | Buildings | 14,863,369 | 0 | 0 | 0 | 0 | 0 |
| 163 | Furniture & equipment - dwellings | 1,019,010 | 0 | 0 | 0 | 0 | 0 |
| 164 | Furniture & equipment - administration | 329,616 | 0 | 0 | 0 | 0 | 380,718 |
| 165 | Improvements | 0 | 0 | 0 | 0 | 0 | 0 |
| 166 | Accumulated depreciation | (8,259,272) | 0 | 0 | 0 | 0 | (208,593) |
| 167 | Construction in progress | 36,951 | 0 | 0 | 0 | 0 | 0 |
| 168 | Infrastructure | 0 | 0 | 0 | 0 | 0 | 0 |
| 160 | Total capital assets - net | 8,380,132 | 0 | 0 | 0 | 0 | 172,125 |
| 171 | Notes receivable - noncurrent | 307,888 | 101,530 | 0 | 0 | 0 | 560,000 |
| 172 | Notes receivable - noncurrent past due | 0 | 0 | 0 | 0 | 0 | 0 |
| 173 | Grants receivable | 0 | 0 | 0 | 0 | 0 | 0 |
| 174 | Other assets | 0 | 0 | 0 | 0 | 0 | 0 |
| 176 | Investment in joint ventures | 981,066 | 0 | 0 | 0 | 0 | 0 |
| 180 | TOTAL NONCURRENT ASSETS | 9,669,086 | 101,530 | 0 | 0 | 0 | 732,125 |
| 200 | DEFERRED OUTFLOW OF RESOURCES | 0 | 0 | 0 | 0 | 0 | 0 |
| 290 | TOTAL ASSETS & DEFERRED OUTFLOW OF RESOURCES | \$ 12,438,544 | \$ 101,530 | \$ 0 | \$ 3,521 | \$ 225,926 | \$ 2,187,545 |

| Mainstream Vouchers 14,879 | Business Activities | Discrete Component Unit | Elimination | TOTAL |
|----------------------------------|------------------------|-------------------------------|----------------|---------------|
| \$ 597 | \$ 746,348 | \$ 123,110 | \$ 0 | \$ 2,958,063 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 1,202,980 | 0 | 2,050,861 |
| 0 | 0 | 54,350 | 0 | 95,091 |
| 0 | 0 | 0 | 0 | 0 |
| 597 | 746,348 | 1,380,440 | 0 | 5,104,015 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 92,117 | 2,422 | 0 | 819,141 |
| 0 | 0 | 179,945 | 0 | 288,079 |
| 0 | 0 | (165,516) | 0 | (262,208) |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 198,589 | 0 | (193,856) | 198,588 |
| 0 | 290,706 | 16,851 | (193,856) | 1,043,600 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 1,251 | 82,770 | 0 | 130,914 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 100,501 | 0 | (181,960) | 0 |
| 0 | 346,489 | 0 | 0 | 765,933 |
| 597 | 1,485,295 | 1,480,061 | (375,816) | 7,044,462 |
| 0 | 336,235 | 281,897 | 0 | 1,008,590 |
| 0 | 0 | 22,716,803 | 0 | 37,580,172 |
| 0 | 0 | 0 | 0 | 1,019,010 |
| 0 | 27,321 | 840,296 | 0 | 1,577,951 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | (19,438) | (9,436,017) | 0 | (17,923,320) |
| 0 | 24,420 | 0 | 0 | 61,371 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 368,538 | 14,402,979 | 0 | 23,323,774 |
| 0 | 664,885 | 0 | (867,888) | 766,415 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 145,323 | 0 | 145,323 |
| 0 | 0 | 0 | 0 | 981,066 |
| 0 | 1,033,423 | 14,548,302 | (867,888) | 25,216,578 |
| 0 | 0 | 0 | 0 | 0 |
| \$ 597 | \$ 2,518,718 | \$ 16,028,363 | \$ (1,243,704) | \$ 32,261,040 |

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

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
December 31, 2022**

| <u>FDS Line#</u> | <u>Account Description</u> | <u>Blended Component Unit</u> | <u>Home Investment Partnership Program 14.258</u> | <u>Family Self-Sufficiency Program 14.896</u> | <u>FSS Escrow Forfeiture Account 14.EFA</u> | <u>Section 8 Moderate Housing Assistance 14.856</u> | <u>Section 8 Housing Choice Vouchers 14.871</u> |
|--------------------------------------|---|---------------------------------------|---|---|---|---|---|
| LIABILITIES AND NET POSITION: | | | | | | | |
| LIABILITIES: | | | | | | | |
| CURRENT LIABILITIES: | | | | | | | |
| 311 | Cash overdraft | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 312 | Accounts payable <= 90 days | 46,543 | 0 | 0 | 0 | 0 | 273 |
| 313 | Accounts payable > 90 days | 0 | 0 | 0 | 0 | 0 | 0 |
| 321 | Accrued salaries/payroll withholding | 9,892 | 0 | 0 | 0 | 0 | 12,085 |
| 322 | Accrued compensated absences | 30,951 | 0 | 0 | 0 | 0 | 22,610 |
| 324 | Accrued contingency liability | 0 | 0 | 0 | 0 | 0 | 0 |
| 325 | Accrued interest payable | 193,856 | 0 | 0 | 0 | 0 | 0 |
| 331 | Accounts payable - HUD PHA programs | 0 | 0 | 0 | 0 | 2,077 | 0 |
| 332 | Accounts payable - PHA projects | 0 | 0 | 0 | 0 | 0 | 0 |
| 333 | Accounts payable - other gov. | 0 | 0 | 0 | 0 | 0 | 0 |
| 341 | Tenant security deposits | 40,741 | 0 | 0 | 0 | 0 | 0 |
| 342 | Unearned revenue | 6,125 | 0 | 0 | 0 | 0 | 0 |
| 343 | Current portion of L-T debt - capital projects | 79,869 | 0 | 0 | 0 | 0 | 0 |
| 344 | Current portion of L-T debt - operating | 83,958 | 0 | 0 | 0 | 0 | 0 |
| 345 | Other current liabilities | 20,868 | 0 | 0 | 0 | 0 | 4,817 |
| 346 | Accrued liabilities - other | 0 | 0 | 0 | 0 | 0 | 0 |
| 347 | Interprogram (due to) | 109,648 | 0 | 0 | 0 | 4,245 | 33,949 |
| 348 | Loan liability - current | 0 | 0 | 0 | 0 | 0 | 0 |
| 310 | TOTAL CURRENT LIABILITIES | 622,451 | 0 | 0 | 0 | 6,322 | 73,734 |
| NONCURRENT LIABILITIES: | | | | | | | |
| 351 | Long-term debt, net of current - operating | 307,888 | 0 | 0 | 0 | 0 | 0 |
| 352 | Long-term debt, net of current - capital | 1,844,572 | 0 | 0 | 0 | 0 | 0 |
| 353 | Noncurrent liabilities - other | 0 | 0 | 0 | 0 | 0 | 47,577 |
| 354 | Accrued comp. absences - long term | 31,839 | 0 | 0 | 0 | 0 | 28,149 |
| 355 | Loan liability - noncurrent | 0 | 0 | 0 | 0 | 0 | 0 |
| 356 | FASB 5 liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| 357 | Accrued pension and OPEB liabilities | 0 | 0 | 0 | 0 | 0 | 0 |
| 350 | TOTAL NONCURRENT LIABILITIES | 2,184,299 | 0 | 0 | 0 | 0 | 75,726 |
| 300 | TOTAL LIABILITIES | 2,806,750 | 0 | 0 | 0 | 6,322 | 149,460 |
| 400 | DEFERRED INFLOW OF RESOURCES | 0 | 0 | 0 | 0 | 0 | 0 |
| NET POSITION: | | | | | | | |
| 508.4 | Investment in Capital Assets | 6,455,691 | 0 | 0 | 0 | 0 | 172,124 |
| 511.4 | Restricted - Net Position | 657,016 | 0 | 0 | 3,521 | 0 | 138,767 |
| 512.4 | Unrestricted - Net Position | 2,519,087 | 101,530 | 0 | 0 | 219,604 | 1,727,194 |
| 513 | TOTAL NET POSITION | 9,631,794 | 101,530 | 0 | 3,521 | 219,604 | 2,038,085 |
| 600 | TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION | \$ 12,438,544 | \$ 101,530 | \$ 0 | \$ 3,521 | \$ 225,926 | \$ 2,187,545 |

| Mainstream Vouchers 14,879 | Business Activities | Discrete Component Unit | Elimination | TOTAL |
|----------------------------------|------------------------|-------------------------------|----------------|---------------|
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 0 | 351 | 9,605 | 0 | 56,772 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 12,761 | 6,258 | 0 | 40,996 |
| 0 | 25,430 | 6,068 | 0 | 85,059 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 187,349 | (193,856) | 187,349 |
| 0 | 0 | 0 | 0 | 2,077 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 54,350 | 0 | 95,091 |
| 0 | 0 | 8,447 | 0 | 14,572 |
| 0 | 0 | 216,447 | 0 | 296,316 |
| 0 | 0 | 0 | 0 | 83,958 |
| 0 | 28,973 | 20,644 | 0 | 75,302 |
| 0 | 0 | 1,430 | 0 | 1,430 |
| 34,118 | 0 | 0 | (181,960) | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 34,118 | 67,515 | 510,598 | (375,816) | 938,922 |
| 0 | 0 | 0 | (307,888) | 0 |
| 0 | 0 | 8,122,439 | (560,000) | 9,407,011 |
| 0 | 0 | 0 | 0 | 47,577 |
| 0 | 17,884 | 0 | 0 | 77,872 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 17,884 | 8,122,439 | (867,888) | 9,532,460 |
| 34,118 | 85,399 | 8,633,037 | (1,243,704) | 10,471,382 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 368,537 | 6,064,094 | 560,000 | 13,620,446 |
| 0 | 0 | 1,202,980 | 0 | 2,002,284 |
| (33,521) | 2,064,782 | 128,252 | (560,000) | 6,166,928 |
| (33,521) | 2,433,319 | 7,395,326 | 0 | 21,789,658 |
| \$ 597 | \$ 2,518,718 | \$ 16,028,363 | \$ (1,243,704) | \$ 32,261,040 |

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, 2022**

| FDS Line# | Account Description | Blended Component Unit | Home Investment Partnership 14.258 | Family Self-Sufficiency Program 14.896 | FSS Escrow Forfeiture Account 14.EFA | Section 8 Moderate Housing Assistance 14.856 | Section 8 Housing Choice Vouchers 14.871 |
|------------------------|-------------------------------------|------------------------------|---|---|---|--|--|
| REVENUES: | | | | | | | |
| 70300 | Net tenant rental revenue | \$ 1,738,281 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 70400 | Tenant revenue - other | 157,734 | 0 | 0 | 0 | 0 | 0 |
| 70500 | Total tenant revenue | 1,896,015 | 0 | 0 | 0 | 0 | 0 |
| 70600 | HUD PHA grants - operating | 0 | 0 | 58,793 | 0 | 383,507 | 7,752,169 |
| 70610 | HUD PHA grants - capital | 0 | 0 | 0 | 0 | 0 | 0 |
| 70710 | Management fee | 0 | 0 | 0 | 0 | 0 | 0 |
| 70720 | Asset management fee | 0 | 0 | 0 | 0 | 0 | 0 |
| 70730 | Bookkeeping fee | 0 | 0 | 0 | 0 | 0 | 0 |
| 70740 | Front line service fee | 0 | 0 | 0 | 0 | 0 | 0 |
| 70750 | Other fees | 0 | 0 | 0 | 0 | 0 | 0 |
| 70700 | Total fee revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| 70800 | Other government grants | 0 | 0 | 0 | 0 | 0 | 0 |
| 71100 | Investment income - unrestricted | 3,053 | 0 | 0 | 0 | 91 | 463 |
| 71200 | Mortgage interest income | 20,646 | 0 | 0 | 0 | 0 | 13,600 |
| 71300 | Proceeds from disposition of assets | 1,953,900 | 0 | 0 | 0 | 0 | 0 |
| 71310 | Cost of assets held for sale | (1,674,849) | 0 | 0 | 0 | 0 | 0 |
| 71400 | Fraud income | 0 | 0 | 0 | 0 | 0 | 41,762 |
| 71500 | Other revenue | 767,076 | 0 | 0 | 3,521 | 6,337 | 43,034 |
| 71600 | Gain/(loss) on disposition | 0 | 0 | 0 | 0 | 0 | 0 |
| 72000 | Investment income - restricted | 1,614 | 0 | 0 | 0 | 0 | 59 |
| 70000 | TOTAL REVENUES | \$ 2,967,455 | \$ 0 | \$ 58,793 | \$ 3,521 | \$ 389,935 | \$ 7,851,087 |
| EXPENSES: | | | | | | | |
| Administrative | | | | | | | |
| 91100 | Administrative salaries | \$ 316,460 | \$ 0 | \$ 42,169 | \$ 0 | \$ 40,032 | \$ 426,404 |
| 91200 | Auditing fees | 7,222 | 0 | 0 | 0 | 1,520 | 4,750 |
| 91300 | Management fees | 480,906 | 0 | 0 | 0 | 7,098 | 245,644 |
| 91310 | Bookkeeping fees | 5,957 | 0 | 0 | 0 | 3,803 | 131,595 |
| 91400 | Advertising & marketing | 11,245 | 0 | 0 | 0 | 0 | 0 |
| 91500 | Employee benefits - administrative | 109,524 | 0 | 16,624 | 0 | 0 | 129,411 |
| 91600 | Office expense | 91,853 | 0 | 0 | 0 | 0 | 163,490 |
| 91700 | Legal expense | 3,097 | 0 | 0 | 0 | 0 | 13,253 |
| 91800 | Travel expense | 1,854 | 0 | 0 | 0 | 0 | 1,754 |
| 91810 | Allocated overhead | 0 | 0 | 0 | 0 | 0 | 0 |
| 91900 | Other operating - administrative | 52,190 | 0 | 0 | 0 | 0 | 21,853 |
| 91000 | Total Administrative Expense | 1,080,308 | 0 | 58,793 | 0 | 52,453 | 1,138,154 |
| 92000 | Asset management fee | 0 | 0 | 0 | 0 | 0 | 0 |
| Tenant services | | | | | | | |
| 92100 | Tenant services - salaries | 0 | 0 | 0 | 0 | 0 | 0 |
| 92200 | Relocation costs | 0 | 0 | 0 | 0 | 0 | 0 |
| 92300 | Employee benefits - tenant services | 0 | 0 | 0 | 0 | 0 | 0 |
| 92400 | Other tenant services | 1,025 | 0 | 0 | 0 | 0 | 0 |
| 92500 | Total Tenant Services | 1,025 | 0 | 0 | 0 | 0 | 0 |
| Utilities | | | | | | | |
| 93100 | Water | 132,457 | 0 | 0 | 0 | 0 | 0 |
| 93200 | Electricity | 174,219 | 0 | 0 | 0 | 0 | 0 |
| 93300 | Gas | 11,064 | 0 | 0 | 0 | 0 | 0 |
| 93400 | Fuel | 0 | 0 | 0 | 0 | 0 | 0 |
| 93500 | Labor | 0 | 0 | 0 | 0 | 0 | 0 |
| 93600 | Sewer | 0 | 0 | 0 | 0 | 0 | 0 |
| 93700 | Employee benefits - utilities | 0 | 0 | 0 | 0 | 0 | 0 |
| 93800 | Other utilities expense | 44,493 | 0 | 0 | 0 | 0 | 0 |
| 93000 | Total Utilities Expense | 362,233 | 0 | 0 | 0 | 0 | 0 |

| Mainstream Vouchers 14.879 | Business Activities | Discrete Component Unit | Elimination | TOTAL |
|----------------------------------|------------------------|-------------------------------|----------------|---------------|
| \$ 0 | \$ 0 | \$ 1,653,794 | \$ (902,364) | \$ 2,489,711 |
| 0 | 0 | 28,094 | 0 | 185,828 |
| 0 | 0 | 1,681,888 | (902,364) | 2,675,539 |
| 339,990 | 0 | 0 | 0 | 8,534,459 |
| 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 |
| 2 | 13,944 | 1,049 | 0 | 18,602 |
| 0 | 4,406 | 0 | (16,366) | 22,286 |
| 0 | 0 | 0 | 0 | 1,953,900 |
| 0 | 0 | 0 | 0 | (1,674,849) |
| 1,079 | 0 | 0 | 0 | 42,841 |
| 0 | 1,015,282 | 0 | (1,054,687) | 780,563 |
| 0 | (74,920) | 0 | 0 | (74,920) |
| 0 | 0 | 1,286 | 0 | 2,959 |
| \$ 341,071 | \$ 958,712 | \$ 1,684,223 | \$ (1,973,417) | \$ 12,281,380 |

| | | | | |
|-----------|------------|------------|-------------|--------------|
| \$ 33,358 | \$ 561,715 | \$ 141,045 | \$ 0 | \$ 1,561,183 |
| 0 | 5,508 | 16,500 | 0 | 35,500 |
| 12,502 | 0 | 90,935 | (746,150) | 90,935 |
| 6,698 | 0 | 0 | (148,053) | 0 |
| 0 | 0 | 4,360 | 0 | 15,605 |
| 0 | 166,560 | 34,140 | 0 | 456,259 |
| 0 | 59,939 | 41,779 | (157,948) | 199,113 |
| 0 | 582 | 3,048 | 0 | 19,980 |
| 0 | 1,518 | 0 | 0 | 5,126 |
| 0 | 0 | 0 | 0 | 0 |
| 354 | 13,035 | 12,070 | (27,022) | 72,480 |
| 52,912 | 808,857 | 343,877 | (1,079,173) | 2,456,181 |
| 0 | 0 | 15,666 | 0 | 15,666 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 1,025 |
| 0 | 0 | 0 | 0 | 1,025 |
| 0 | 0 | 2,262 | 0 | 134,719 |
| 0 | 0 | 7,414 | 0 | 181,633 |
| 0 | 0 | 4,133 | 0 | 15,197 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 2,045 | 0 | 46,538 |
| 0 | 0 | 15,854 | 0 | 378,087 |

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, 2022**

| FDS Line# | Account Description | Blended Component Unit | Home Investment Partnership 14.258 | Family Self-Sufficiency Program 14.896 | FSS Escrow Forfeiture Account 14.EFA | Section 8 Moderate Housing Assistance 14.856 | Section 8 Housing Choice Vouchers 14.871 |
|----------------------------------|--|------------------------------|---|---|---|--|--|
| Ordinary Maintenance & Operation | | | | | | | |
| 94100 | Labor | 241,717 | 0 | 0 | 0 | 0 | 0 |
| 94200 | Materials | 125,870 | 0 | 0 | 0 | 0 | 6,579 |
| 94300 | Contracts | 164,340 | 0 | 0 | 0 | 0 | 55,405 |
| 94300-010 | Contract costs - garbage removal | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-020 | Contract costs - heating & cooling | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-030 | Contract costs - snow removal | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-040 | Contract costs - elevator maintenance | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-050 | Contract costs - landscape maintenance | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-060 | Contract costs - unit turnaround | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-070 | Contract costs - electrical | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-080 | Contract costs - plumbing | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-090 | Contract costs - extermination | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-100 | Contract costs - janitorial | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-110 | Contract costs - routine maintenance | 0 | 0 | 0 | 0 | 0 | 0 |
| 94300-120 | Contract costs - other | 164,340 | 0 | 0 | 0 | 0 | 55,405 |
| 94500 | Employee benefit contributions | 93,672 | 0 | 0 | 0 | 0 | 0 |
| 94000 | Total Ordinary Maintenance & Operation | 625,599 | 0 | 0 | 0 | 0 | 61,984 |
| Protective services | | | | | | | |
| 95100 | Protective services - salaries | 0 | 0 | 0 | 0 | 0 | 0 |
| 95200 | Protective services - other contract costs | 0 | 0 | 0 | 0 | 0 | 0 |
| 95300 | Other protective services | 0 | 0 | 0 | 0 | 0 | 0 |
| 95500 | Employee benefits - protective services | 0 | 0 | 0 | 0 | 0 | 0 |
| 95000 | Total Protective Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance Premiums | | | | | | | |
| 96110 | Property insurance | 78,200 | 0 | 0 | 0 | 0 | 0 |
| 96120 | Liability insurance | 45,073 | 0 | 0 | 0 | 0 | 24,958 |
| 96130 | Workmen's compensation | 0 | 0 | 0 | 0 | 0 | 0 |
| 96140 | Insurance - other | 17,312 | 0 | 0 | 0 | 0 | 35,252 |
| 96100 | Total Insurance Premiums | 140,585 | 0 | 0 | 0 | 0 | 60,210 |
| Other general expenses | | | | | | | |
| 96200 | Other general expense | 280,239 | 0 | 0 | 0 | 0 | 0 |
| 96210 | Compensated absences | 0 | 0 | 0 | 0 | 0 | 0 |
| 96300 | Payments in lieu of taxes | 0 | 0 | 0 | 0 | 0 | 0 |
| 96400 | Bad debt - tenant rents | 16,495 | 0 | 0 | 0 | 0 | 0 |
| 96500 | Bad debt - mortgages | 0 | 47,737 | 0 | 0 | 0 | 0 |
| 96600 | Bad debt - other | 0 | 0 | 0 | 0 | 0 | 0 |
| 96800 | Severance expense | 0 | 0 | 0 | 0 | 0 | 0 |
| 96000 | Total General Expenses | 296,734 | 47,737 | 0 | 0 | 0 | 0 |
| Financial Expenses | | | | | | | |
| 96710 | Interest expense - mortgage payable | 16,366 | 0 | 0 | 0 | 0 | 0 |
| 96720 | Interest expense - notes payable | 0 | 0 | 0 | 0 | 0 | 0 |
| 96730 | Amortization - issuance costs | 0 | 0 | 0 | 0 | 0 | 0 |
| 96700 | Total Financial Expenses | 16,366 | 0 | 0 | 0 | 0 | 0 |
| 96900 | TOTAL OPERATING EXPENSE | 2,522,850 | 47,737 | 58,793 | 0 | 52,453 | 1,260,348 |
| 97000 | EXCESS OPERATING REVENUE | 444,605 | (47,737) | 0 | 3,521 | 337,482 | 6,590,739 |

| Mainstream Vouchers 14,879 | Business Activities | Discrete Component Unit | Elimination | TOTAL |
|----------------------------------|------------------------|-------------------------------|-------------|-----------|
| 0 | 13,207 | 124,998 | 0 | 379,922 |
| 0 | 0 | 187,423 | 0 | 319,872 |
| 0 | 34,190 | 137,705 | (44,800) | 346,840 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 1,656 | 0 | 1,656 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 25,700 | 76,039 | (44,800) | 56,939 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 823 | 0 | 823 |
| 0 | 0 | 8,757 | 0 | 8,757 |
| 0 | 0 | 5,190 | 0 | 5,190 |
| 0 | 8,490 | 6,736 | 0 | 15,226 |
| 0 | 0 | 38,504 | 0 | 258,249 |
| 0 | 1,691 | 9,466 | 0 | 104,829 |
| 0 | 49,088 | 459,592 | (44,800) | 1,151,463 |
| 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 | 7,708 | 73,825 | 0 | 159,733 |
| 0 | 5,026 | 21,203 | 0 | 96,260 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 6,675 | 18,423 | 0 | 77,662 |
| 0 | 19,409 | 113,451 | 0 | 333,655 |
| 0 | 73,688 | 86,282 | (88,662) | 351,547 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 16,869 | 0 | 33,364 |
| 0 | 0 | 0 | 0 | 47,737 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 73,688 | 103,151 | (88,662) | 432,648 |
| 0 | 0 | 392,261 | (16,366) | 392,261 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 18,472 | 0 | 18,472 |
| 0 | 0 | 410,733 | (16,366) | 410,733 |
| 52,912 | 951,042 | 1,462,324 | (1,229,001) | 5,179,458 |
| 288,159 | 7,670 | 221,899 | (744,416) | 7,101,922 |

**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, 2022**

| <u>FDS Line#</u> | <u>Account Description</u> | <u>Blended Component Unit</u> | <u>Home Investment Partnership 14.258</u> | <u>Family Self-Sufficiency Program 14.896</u> | <u>FSS Escrow Forfeiture Account 14.EFA</u> | <u>Section 8 Moderate Housing Assistance 14.856</u> | <u>Section 8 Housing Choice Vouchers 14.871</u> |
|------------------|---|---------------------------------------|---|---|---|---|---|
| | Other Expenses | | | | | | |
| 97100 | Extraordinary maintenance | 0 | 0 | 0 | 0 | 0 | 0 |
| 97200 | Casualty losses | 0 | 0 | 0 | 0 | 0 | 0 |
| 97300 | Housing assistance payments | 0 | 0 | 0 | 0 | 325,812 | 6,614,852 |
| 97350 | HAP portability-in | 0 | 0 | 0 | 0 | 0 | 0 |
| 97400 | Depreciation expense | 523,308 | 0 | 0 | 0 | 0 | 63,031 |
| 97500 | Fraud losses | 0 | 0 | 0 | 0 | 0 | 0 |
| 97600 | Capital outlays - gov't funds | 0 | 0 | 0 | 0 | 0 | 0 |
| 97700 | Debt principal payment - gov't funds | 0 | 0 | 0 | 0 | 0 | 0 |
| 97800 | Dwelling units rent expense | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Other Expenses | <u>523,308</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>325,812</u> | <u>6,677,883</u> |
| | TOTAL EXPENSES | \$ 3,046,158 | \$ 47,737 | \$ 58,793 | \$ 0 | \$ 378,265 | \$ 7,938,231 |
| 10010 | Operating transfer in | 0 | 0 | 0 | 0 | 0 | 0 |
| 10020 | Operating transfer out | 0 | 0 | 0 | 0 | 0 | 0 |
| 10030 | Operating transfers from/to primary gov't | 0 | 0 | 0 | 0 | 0 | 0 |
| 10040 | Operating transfers from/to comp. unit | 0 | 0 | 0 | 0 | 0 | 0 |
| 10050 | Proceeds from notes, loans & bonds | 0 | 0 | 0 | 0 | 0 | 0 |
| 10060 | Proceeds from property sales | 0 | 0 | 0 | 0 | 0 | 0 |
| 10070 | Extraordinary items, net gain/loss | 0 | 0 | 0 | 0 | 0 | 0 |
| 10080 | Special items, net gain/loss | 0 | 0 | 0 | 0 | 0 | 0 |
| 10091 | Inter project excess cash transfer in | 0 | 0 | 0 | 0 | 0 | 0 |
| 10092 | Inter project excess cash transfer out | 0 | 0 | 0 | 0 | 0 | 0 |
| 10093 | Transfers between project & program - in | 0 | 0 | 0 | 0 | 0 | 0 |
| 10094 | Transfers between project & program - out | 0 | 0 | 0 | 0 | 0 | 0 |
| 10100 | Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | EXCESS OF REVENUE OVER EXPENSES | \$ (78,703) | \$ (47,737) | \$ 0 | \$ 3,521 | \$ 11,670 | \$ (87,144) |
| 11020 | Prior period adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| 11030 | Beginning Net Position | 9,692,287 | 149,267 | 0 | 0 | 207,934 | 2,125,229 |
| 11040-010 | Prior period adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| 11040-070 | Equity transfers | <u>18,210</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| | Ending Net Position | \$ 9,631,794 | \$ 101,530 | \$ 0 | \$ 3,521 | \$ 219,604 | \$ 2,038,085 |
| 11170 | Administrative Fund Equity | - | - | - | - | - | 1,899,318 |
| 11180 | Housing Choice Voucher Equity | - | - | - | - | - | 138,767 |
| 11190 | Units Available | 3,576 | - | - | - | 540 | 20,088 |
| 11210 | Units Leased | 3,367 | - | - | - | 507 | 17,792 |

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

**SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

| | <u>Type</u> | <u>Federal CFDA #</u> | <u>Expenditures</u> |
|---|--------------|---------------------------|---------------------|
| FEDERAL GRANTOR | | | |
| <u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u> | | | |
| Section 8 Housing Assistance Program: | | | |
| Section 8 Housing Choice Vouchers (Cluster) | A - Major | 14.871 | \$ 7,752,169 |
| Mainstream Vouchers (Cluster) | A - Major | 14.879 | 339,990 |
| | | | 8,092,159 |
| Section 8 Moderate Rehabilitation Program | B - Nonmajor | 14.856 | 383,507 |
| Family Self Sufficiency Grant Program | B - Nonmajor | 14.896 | 58,793 |
| TOTAL FEDERAL FINANCIAL AWARDS | | | \$ 8,534,459 |
| Threshold for Type A & Type B | | | \$ 750,000 |

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, 2022

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C - INDIRECT COST RATE:

The Authority did not elect to use the 10% de minimis cost rate.

NOTE D - SUBRECIPIENTS:

The Authority provided no federal awards to subrecipients during the fiscal year ending December 31, 2022.

NOTE E - 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, 2022.
- 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, 2022.
- The Housing Authority of the City of Fort Smith maintains the following limits of insurance as of December 31, 2022:

| | | |
|-----------------------|----|------------|
| Property | \$ | 28,682,913 |
| 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.