

**HOUSING AUTHORITY OF THE CITY OF HARLEM**

**FINANCIAL STATEMENTS  
&  
SUPPLEMENTAL INFORMATION**

**15-MONTH PERIOD ENDED DECEMBER 31, 2013**

HOUSING AUTHORITY OF THE CITY OF HARLEM  
TABLE OF CONTENTS  
15-MONTH PERIOD ENDED DECEMBER 31, 2013

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	<u>Page</u>
Management's Discussion and Analysis .....	1-4
Independent Auditor's Report .....	5-6
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	7
Statement of Net Position – Enterprise Fund .....	8
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund .....	9
Statement of Cash Flows – Enterprise Fund .....	10
Notes to Financial Statements .....	11-15
Summary Schedule of Prior Year Findings .....	16
Schedule of Findings and Responses .....	17-18
Independent Accountant's Report on Applying Agreed-Upon Procedure .....	19
Financial Data Schedule.....	20-24

HOUSING AUTHORITY OF THE CITY OF HARLEM  
MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2013

**Management's Discussion and Analysis**

The Management's Discussion and Analysis (the "MD&A") is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of Housing Authority of the City of Harlem's, (the "Authority") financial activity, (c) identify changes in the Authority's financial position (its ability to address the next and subsequent years' challenges), and (d) identify issues or concerns. This will now be presented at the front of each year's financial statements.

Since the MD&A is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the financial statements, which follow this section.

**Financial Highlights**

- Net position at December 31, 2013, decreased to \$721,545. Since the Authority engages only in business-type activities, the decrease is all in the category of business-type net position. Net position was \$832,942 for 2012.
- The business-type activities operating revenue at December 31, 2013, increased to \$285,429. Total operating revenue was \$276,707 for 2012.
- The total operating expenses of all programs for December 31, 2013, increased to \$397,247. Total operating expenses were \$375,874 for 2012.
- There were no capital grant contributions at December 31, 2013.

**Overview of the Financial Statements**

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity.

This MD&A is intended to serve as an introduction to the Authority's basic financial statements.

The following statements are included:

- Statement of Net Position – reports current financial resources (short-term expendable resources) with capital assets and long-term obligations.
- Statement of Revenue, Expenses, and Changes in Fund Net Position – reports operating and nonoperating revenue, by major source along with operating and nonoperating expenses and capital contributions.
- Statement of Cash Flows – reports cash flows from operating, investing, capital, non-capital activities.

**Programs**

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income (as defined in the HUD regulations).

Capital Fund Grants – The Authority's capital funds are received from the federal government through a formula driven computation. These funds are used to upgrade our facilities at various developments to give our residents the decent and safe living environment they need. Each year's grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years.

## FINANCIAL ANALYSIS

The following tables focus on the net position and the change in net position of the primary government as a whole.

**TABLE 1 – STATEMENT OF NET POSITION**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>	<u>% Change</u>
Current Assets	\$ 645,818	\$ 456,008	\$ 189,810	41.62%
Capital Assets, Net	386,331	501,652	(115,321)	-22.99%
Total Assets	<u>\$ 1,032,149</u>	<u>\$ 957,660</u>	<u>\$ 74,489</u>	7.78%
Current Liabilities	\$ 306,768	\$ 120,174	\$ 186,594	155.27%
Noncurrent Liabilities	3,836	4,544	(708)	-15.58%
Total Liabilities	<u>310,604</u>	<u>124,718</u>	<u>185,886</u>	149.05%
Net Position:				
Net Investment in Capital Assets	386,331	501,652	(115,321)	-22.99%
Unrestricted	335,214	331,290	3,924	1.18%
Total Net Position	<u>721,545</u>	<u>832,942</u>	<u>(111,397)</u>	-13.37%

### MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current assets increased by \$189,810 due primarily to an increase in cash as a result of the Authority not reimbursing Thomson Housing Authority for its share of operating expenses paid for by Thomson Housing Authority on behalf of the East Georgia Housing Authorities Partnership (EGHAP) consortium. This increase was partially offset by a decrease in investments.

Capital assets decreased by \$115,321 due to normal depreciation expense exceeding current year capital asset purchases.

Current liabilities increased by \$186,594 primarily due to an increase in accounts payable – other government as a result of the Authority not reimbursing Thomson Housing Authority for its share of operating expenses paid for by Thomson Housing Authority on behalf of EGHAP.

Noncurrent liabilities decreased by \$708 due to a decrease in the noncurrent portion of compensated absences liability.

**TABLE 2 – STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION**

The following schedule compares the revenue and expenses for the current and previous periods. The Authority is engaged only in business-type activities.

	<u>2013</u>	<u>2012</u>	<u>Variance</u>	<u>% Change</u>
Operating Revenues				
Rental Income	\$ 156,137	\$ 109,163	\$ 46,974	43.03%
Federal Grants	128,609	167,184	(38,575)	-23.07%
Other	<u>683</u>	<u>360</u>	<u>323</u>	89.72%
Total Operating Revenues	<u>285,429</u>	<u>276,707</u>	<u>8,722</u>	3.15%
Operating Expenses				
Administration	75,044	77,636	(2,592)	-3.34%
Utilities	61,945	41,999	19,946	47.49%
Maintenance	118,993	131,857	(12,864)	-9.76%
General	25,943	22,462	3,481	15.50%
Depreciation	<u>115,322</u>	<u>101,920</u>	<u>13,402</u>	13.15%
Total Operating Expenses	<u>397,247</u>	<u>375,874</u>	<u>21,373</u>	5.69%
Operating Income (loss)	<u>(111,818)</u>	<u>(99,167)</u>	<u>(12,651)</u>	12.76%
Nonoperating revenues (expenses):				
Interest Revenue	<u>421</u>	<u>2,050</u>	<u>(1,629)</u>	-79.46%
Total Nonoperating Activity	<u>421</u>	<u>2,050</u>	<u>(1,629)</u>	-79.46%
Change in Net Position	(111,397)	(97,117)	(14,280)	14.70%
Beginning Net Position	<u>832,942</u>	<u>930,059</u>	<u>(97,117)</u>	-10.44%
Ending Net Position	<u>\$ 721,545</u>	<u>\$ 832,942</u>	<u>\$ (111,397)</u>	-13.37%

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION**

The decrease in net position was \$111,397 due primarily to an operating loss.

The Authority had an operating loss of \$111,818 including non-cash depreciation expense of \$115,322 versus an operating loss of \$99,167 and depreciation expense of \$101,920 in the prior year.

Total operating revenue increased by \$8,722 to \$285,429 due primarily to an increase in rental income partially offset by a decrease in federal grants. The decrease in federal grants is partially due to the 2012 subsidy allocation adjustment by HUD.

Total operating expenses increased by \$21,373 to \$397,247 due to increases in utilities, depreciation, and general expenses that were offset by decreases in maintenance and administration expenses.

There were no capital contributions during the current audit period as the Authority had no ongoing modernization projects.

## **CAPITAL ASSETS**

As of December 31, 2013, investment in capital assets for its business-type activities was \$386,331 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, and equipment.

There were no major capital asset purchases during the current audit period.

There were no major capital asset disposals during the current audit period.

## **ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflation, recession and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies and other costs.

## **FINANCIAL CONTACT**

This financial report is designed to provide a general overview of the finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Ms. Kelly Evans, Executive Director, Housing Authority of the City of Harlem, 706-556-3025.



# HENDERSON & DEJOHN, LLC

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### Independent Auditor's Report

To the Board of Commissioners  
Housing Authority of the City of Harlem

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

We have audited the basic financial statements of the Housing Authority of the City of Harlem (the "Authority"), as of and for the 15-month period ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the 15-month period then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Other Matters***

##### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1-4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 and Other Information*

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying supplementary information including the financial data schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014 on our consideration of the Authority'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Henderson & DeJohn, LLC*

Birmingham, AL  
September 26, 2014





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### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### Independent Auditor's Report

To the Board of Commissioners  
Housing Authority of the City of Harlem

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 basic financial statements of the Housing Authority of the City of Harlem (the "Authority"), as of and for the 15-month period ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 26, 2014.

#### **Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a material weakness listed as item 2013-001.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Responses as item 2013-001.

#### **The Authority's Response to Findings**

The Authority's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **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.

*Henderson & DeJohn, LLC*

Birmingham, AL  
September 26, 2014

HOUSING AUTHORITY OF THE CITY OF HARLEM  
STATEMENT OF NET POSITION  
ENTERPRISE FUND  
DECEMBER 31, 2013

**ASSETS**

Unrestricted cash and cash equivalents	\$	584,461
Restricted cash and cash equivalents		6,760
Investments		32,184
Miscellaneous receivable		746
Tenants receivable, net		1,023
Accrued interest receivable		17
Prepaid expenses and other assets		4,756
Inventories, net		15,871
Capital assets:		
Land		58,477
Buildings and equipment, net of depreciation		327,854
Total capital assets		<u>386,331</u>
Total assets		<u>1,032,149</u>

**LIABILITIES**

Accounts payable		3,354
Accrued liabilities		1,747
Intergovernmental payables		287,421
Tenant security deposits		6,760
Unearned revenue		391
Other current liabilities		5,816
Long-term liabilities:		
Due within one year:		
Compensated absences, current portion		1,279
Due in more than one year:		
Compensated absences, net of current portion		<u>3,836</u>
Total liabilities		<u>310,604</u>

**NET POSITION**

Net investment in capital assets		386,331
Unrestricted		<u>335,214</u>
Total net position	\$	<u><u>721,545</u></u>

good

*The accompanying notes are an integral part of these financial statements.*

HOUSING AUTHORITY OF THE CITY OF HARLEM  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 ENTERPRISE FUND  
 FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

<b>OPERATING REVENUES</b>	
Rental income	\$ 156,137
Federal grants	128,609
Other	<u>683</u>
Total operating revenues	<u>285,429</u>
<b>OPERATING EXPENSES</b>	
Administration	75,044
Utilities	61,945
Maintenance	118,993
General	25,943
Depreciation	<u>115,322</u>
Total operating expenses	<u>397,247</u>
Operating income (loss)	(111,818)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest revenue	<u>421</u>
Change in net position	(111,397)
Total net position - beginning of the period	<u>832,942</u>
Total net position - end of the period	<u><u>\$ 721,545</u></u>

*The accompanying notes are an integral part of these financial statements.*

HOUSING AUTHORITY OF THE CITY OF HARLEM  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from tenants	\$ 147,864
Federal grants	128,609
Other receipts	683
Payments to suppliers	(254,674)
Payments on behalf of the Authority by EGHAP	260,116
Payments to or on behalf of employees	<u>(99,804)</u>
Net cash provided (used) by operating activities	<u>182,794</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest revenue	1,895
Proceeds from sale of investments	<u>103,819</u>
Net cash provided (used) by investing activities	<u>105,714</u>
Net increase (decrease) in cash and cash equivalents	288,508
Balances - beginning of the period	<u>302,713</u>
Balances - end of the period	<u><u>\$ 591,221</u></u>
<b>RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (111,818)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	115,322
Change in assets and liabilities:	
Receivables, net	(979)
Inventories, net	(7,826)
Prepays and other assets	2,209
Accounts payable	3,354
Intergovernmental payables	260,648
Unearned revenue	391
Other liabilities	(79,470)
Accrued liabilities	1,747
Compensated absences	(944)
Tenant security deposits	<u>160</u>
Net cash provided (used) by operating activities	<u><u>\$ 182,794</u></u>

*The accompanying notes are an integral part of these financial statements.*

HOUSING AUTHORITY OF THE CITY OF HARLEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Housing Authority of the City of Harlem (the “Authority”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management’s Discussion and Analysis (MD&A) section providing an analysis of the Authority’s overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and therefore, presents only the financial statements required for enterprise funds, in accordance with GASB Statement 34, paragraph 138. For these governments, basic financial statements and required supplemental information consist of:

- Management’s Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of –
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Fund Net Position
  - Statement of Cash Flows
- Notes to financial statements
- Required supplemental information other than MD&A

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the “enterprise fund” in the basic financial statements. Significant Authority policies are described below.

**A. The Reporting Entity**

The Authority was established as a tax-exempt quasi-governmental entity under the United States Housing Act of 1937 for the purpose of providing affordable housing to low and moderate income families in Columbia County, Georgia. The governing body of the Authority is composed of a 5 member appointed Board of Commissioners (the “Board”). The Mayor appoints the Board, who in turn hires the Executive Director. The Authority is governed by its charter and by-laws, state and local laws and federal regulations. The Chairman and Vice-Chairman of the Board are also members of the Executive Board for the East Georgia Housing Authorities Partnership consortium. The consortium Executive Board is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Authority’s management. The Authority has no component units.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Authority’s financial statements are accounted for on the flow of economic resources management focus using the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and changes in cash flow.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund’s activities are included on the Statement of Net Position. Proprietary fund net position is segregated into Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. Revenues are recognized when they are earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are rental charges to tenants and operating subsidy grants from HUD. Operating expenses for proprietary funds include the cost of administrative expenses, maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority applies restricted resources to fund restricted costs and unrestricted resources to fund unrestricted costs. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements.

The Authority has previously adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with this statement, the Authority accounted for all grants that qualify as non-exchange transactions, recognizing receivables and revenues when all applicable eligibility requirements are met. In addition, capital contributions are recorded on the Statement of Revenues, Expenses and Changes in Fund Net Position after income before contributions and before changes in net position.

HOUSING AUTHORITY OF THE CITY OF HARLEM  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

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

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component on net position.

**C. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include cash on hand, demand deposits and money market accounts. For purposes of the statement of cash flows, the Authority considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported on the balance sheet approximate fair values because of the short maturities of those investments.

**D. Receivables**

All receivables are current and due within one year. Receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible.

**E. Restricted Assets and Liabilities**

Debt covenants, HUD regulations, and inter-local agreements restrict the use of certain assets. Restricted assets are offset by related liabilities in accordance with their liquidity.

**F. Inventories**

Inventories are accounted for under the consumption method and recorded at the lower of cost or market, net of an allowance for obsolete inventories. Materials and supplies are recorded as inventories when purchased and as expenditures when used. Allowances are reported when materials and supplies are deemed obsolete.

**G. Prepaid Items**

Prepaid items consist of payments made to vendors for services that will benefit future periods.

**H. Capital Assets**

Capital assets include property, furniture, equipment and machinery. Capital assets with initial, individual costs that equal or exceed \$500 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Construction in progress consists of capital improvements funded by modernization grant programs. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	10-20
Improvements other than buildings	10-20
Furniture, equipment, and machinery	3-10

**I. Compensated Absences**

The Authority's policy allows each Consortium employee to accumulate up to 320 vacation hours and be paid for them upon separation. Additionally, each employee may accumulate up to 240 hours of sick leave to be paid out upon retirement only. Time accrued beyond that is forfeited unless exception is granted by the Board. The majority of employees utilize their annual accrual of vacation and sick leave during the year accrued. The amount of accrued compensated absences is allocated by the "lead" Authority in the Consortium as all employees are employees of Thompson Housing Authority, the "lead" Authority. Based on this allocation, the Authority records compensated absences in the period they are earned and uses a systematic allocation process to allocate between short-term and long-term liability classification.

HOUSING AUTHORITY OF THE CITY OF HARLEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

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

**J. Unearned Revenue**

The Authority recognizes revenue as earned. An amount received in advance of the period in which it is earned is recorded as a liability under unearned revenue.

**K. Use of Estimates**

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

**L. Recent Accounting Pronouncements**

The Authority's management has assessed the potential impact of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and determined this is not applicable as the Authority provides no other postemployment benefits.

The Authority adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This Statement addresses reporting entity issues that have arisen since the issuance of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The adoption of GASB 61 had no material effect on the Authority's basic financial statements.

The Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These determinations are based on the definitions of those elements in Concepts Statement No. 4, *Elements of Financial Statements*. The adoption of GASB 65 had no material effect on the Authority's basic financial statements.

**NOTE 2 – CASH DEPOSITS AND INVESTMENTS**

Cash and investments may be invested in the following HUD-approved vehicles:

- Direct obligations of the federal government backed by the full faith and credit of the United States;
- Obligations of government agencies;
- Securities of government sponsored agencies;
- Demand and savings deposits; and,
- Time deposits and repurchase agreements.

At December 31, 2013, cash was in bank deposits or money market funds that were insured or collateralized with securities held by the Authority or by its agent in the Authority's name. The investments were in certificates of deposit. Cash and Investments balances at December 31, 2013 totaled \$591,221 and \$32,184, respectively.

*Interest Rate Risk* – The Authority's formal investment policy does not specifically address the exposure to this risk.

*Credit Risk* – The Authority's formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.

*Custodial Credit Risk* – The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

*Concentration of Credit Risk* – The Authority's investment policy does not restrict the amount that the Authority may invest in any one issuer.

HOUSING AUTHORITY OF THE CITY OF HARLEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

**NOTE 3 – CAPITAL ASSETS**

**A. Changes in Capital Assets**

Capital asset activity for the 15-month period ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	\$ 58,477	\$ -	\$ -	\$ -	\$ 58,477
Total capital assets not being depreciated	<u>58,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,477</u>
Capital assets being depreciated					
Buildings and improvements	2,142,124	-	-	-	2,142,124
Equipment	58,320	-	-	-	58,320
Total capital assets being depreciated	<u>2,200,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,200,444</u>
Less accumulated depreciation for:					
Buildings and improvements	(1,717,100)	(108,223)	-	-	(1,825,323)
Equipment	(40,168)	(7,099)	-	-	(47,267)
Total accumulated depreciation	<u>(1,757,268)</u>	<u>(115,322)</u>	<u>-</u>	<u>-</u>	<u>(1,872,590)</u>
Capital assets, net	<u>\$ 501,653</u>	<u>\$ (115,322)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 386,331</u>

**B. Capital Contributions**

The Authority receives capital grants from HUD. The Authority did not receive any capital contributions for the 15-month period ended December 31, 2013.

**NOTE 4 – LONG-TERM LIABILITIES**

Long-term liabilities at December 31, 2013 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensated absences	\$ 6,059	\$ 2,792	\$ 3,736	\$ 5,115	\$ 1,279
Total long-term liabilities	<u>\$ 6,059</u>	<u>\$ 2,792</u>	<u>\$ 3,736</u>	<u>\$ 5,115</u>	<u>\$ 1,279</u>

**NOTE 5 – PENSION PLAN (DEFINED CONTRIBUTION)**

The Authority provides pension benefits for its employees through a defined contribution plan, which is administered by *Metropolitan Life*. The plan was adopted by the Board on January 1, 1970. Only the Board has the authority to approve any amendments to the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible for the plan after six months of service. As all employees are employees of the East Georgia Housing Authorities Partnership (EGHAP), EGHAP contributes an amount equal to 13.5% of each employee's base salary to the plan, with each member of EGHAP covering their share of the cost based on a percentage of units methodology. During the 15-month period ended December 31, 2013, the Authority's contributions were approximately \$5,465. Employees are not required to make, nor did they make, any contributions to the plan.

**NOTE 6 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the funds affected. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. During the current year and the prior three years, settled claims have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with prior year.



HOUSING AUTHORITY OF THE CITY OF HARLEM  
NOTES TO FINANCIAL STATEMENTS  
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

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**NOTE 7 – CONCENTRATION OF RISK**

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on availability of funding.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

**Grants**

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

**NOTE 9 – 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 September 26, 2014 (the date the financial statements were available to be issued) 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 10 – AFFILIATED AUTHORITY**

The Authority is affiliated with the East Georgia Housing Authorities Partnership (EGHAP). EGHAP is comprised of the Housing Authority of the City of Thomson, the Housing Authority of the City of Harlem, the Housing Authority of the City of Crawfordville, and the Housing Authority of the City of Warrenton. This partnership provides for centralized administrative and maintenance staff to run all authorities. Shared costs are allocated on a percentage of number of units methodology and charged monthly to the members. This affiliation does not meet the criteria under GASB 61 for the inclusion in the reporting entity of the Authority, nor does it represent a related party. As of December 31, 2013, the Authority owed \$260,116 in reimbursable expenses to the Housing Authority of the City of Thomson for the operations of the Housing Authority of the City of Harlem. This amount is included as part of intergovernmental payables on the Statement of Net Position.

**NOTE 11 – FINANCIAL DATA SCHEDULE**

The Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense from operating activities and includes investment revenue in operating activities, which differs from the presentation of the basic financial statements.

HOUSING AUTHORITY OF THE CITY OF HARLEM  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

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12-01    Uncollateralized Deposits

*Condition and Criteria:*                    The Authority did not properly collateralize uninsured bank balances at the balance sheet date. Knowledge of HUD cash management rules should be instilled in Authority employees with duties over cash such that they would know to pledge securities in the event of an FDIC insurance shortfall.

*Cause:*    The Authority did not properly monitor collateralization of uninsured bank balances.

*Effect:*    A portion of the Authority's bank balances was more at risk of loss than allowable by HUD as stated in PIH notice 96-33.

*Auditor's Recommendation:*                Procedures should be implemented requiring the proper level of management to check all bank balances monthly and ensure compliance with cash management policies.

*Grantee Response:*                            The Executive Director agrees with the finding and has followed the auditor's recommendation.

*Current Status:*                                No similar finding in the current year.

HOUSING AUTHORITY OF THE CITY OF HARLEM  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

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Financial Statement Findings

2013-001            East Georgia Housing Authorities Partnership (EGHAP) Reimbursement of Expenses

*Condition and Criteria:*            The Harlem Housing Authority is a member of the East Georgia Housing Authorities Partnership "EGHAP", a consortium of the Housing Authority of the City of Thomson, the Housing Authority of the City of Warrenton, the Housing Authority of the City of Harlem, and the Housing Authority of the City of Crawfordville. In accordance with Section 13 of the Consortium Agreement, all operating expenses are to be paid by Thomson Housing Authority, the "lead agency" in the consortium, on a monthly reimbursement basis from the other three authorities based on a percentage of units for each Authority. It was determined during review of accounts payable that the reimbursement of expenses had not been made for FYE 2012 or 2013 resulting in an outstanding liability at year-end payable to Thomson Housing Authority in the amount of \$260,116.42.

*Cause:*                                    During the implementation of incorporating all agency transactions within the consortium accounting department, internal controls were not in place to ensure compliance with Section 13 of the Consortium Agreement.

*Effect:*                                    The Housing Authority of the City of Harlem is not in compliance with Section 13 of the Consortium Agreement, which states that monthly reimbursement of expenses should be made to the lead agency. As a result, the lead agency's cash balance at year-end did not reflect the true amount of cash that the lead agency had rights to and could have possibly prevented the timely payment of expenses.

*Auditor's Recommendation:*            It is our recommendation that the Authority strengthen internal controls over financial reporting for the Consortium. This should include procedures which include monthly review and approval of expenses incurred and the reimbursements made to the lead agency in accordance with Section 13 of the Consortium Agreement. Additionally, this process should include providing the Fee Accountant with supporting documentation to properly account for these reimbursements among EGHAP members.

*Grantee Response:*                    Please consider this the formal response to the Schedule of Finding in the Housing Authority of the City of Crawfordville, the Housing Authority of the City of Harlem, and the Housing Authority of the City of Warrenton audit for year ending December 31, 2013. The Authority accepts your finding of deficiency concerning reimbursement of cost from each authority within the consortia to the "lead agency," the City of Thomson Housing Authority. The areas of response include 1) the complexity of merging multiple authorities into Consortia, and 2) the proper allocation of expenses to each authority as an intergovernmental transfer or due to/due from.

  The Executive Board of the East Georgia Housing Authority Partners knowingly entered into the consortia with the understanding that the transition to a unified financial system would be a multi-year endeavor. In 2012 & 2013, the consortia created a Finance Department to address concerns related to increased oversight of a consortia financial model. Major steps included integration of the Warrenton, Harlem, and Crawfordville accounts payable on the Thomson Housing Authority system, creation of a joint Finance Department, the hiring of a joint Finance Director, and major network and computer system upgrades. All employees were transferred under the lead agency, the Thomson Housing Authority, and payroll was centralized. Department Directors were assigned to oversee maintenance and occupancy in an effort to achieve greater oversight of expenses and collections.

  During this period of transition, the Consortia had both members of the newly formed Finance Department resign. This resulted in significant staffing shortages. Upon internal review, it was determined that reconciliations were not maintained properly and the 2012 and 2013 payables had been force reconciled.

HOUSING AUTHORITY OF THE CITY OF HARLEM  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

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The accounts payable ledger for all four authorities had to be reviewed and reconciled by the Executive Director. In November, 2013, a new Financial Analyst was brought in and the unified fiscal year was closed for all four authorities for the first time. At this time, the computer database for all four authorities was merged and consolidated. Information Technology Protocol requires significant testing to insure no data is lost in transition and all records are complete. This was a time consuming endeavor that was satisfactorily completed in January, 2014.

The single biggest change in 2012 & 2013, as it relates to the audit, was the assignment of expenses to general ledger accounts at the authority level instead of passing that responsibility to the Fee Accountant. This included an expanded, more specific Chart of Accounts. The choice to transition to this level of responsibility was made to allow a more granular review of expenses and to increase oversight on the budget. This difficult and cumbersome transition continued into FY 2013. The Board of Commissioners submitted the request to change the fiscal year end of the Harlem and Crawfordville Housing Authorities in September 2011. Final approval of the fiscal year end change was given in January 2013. Consortia approval by HUD is not required under 24 CFR Part 945. However, alignment of the fiscal year end is required under federal law. The delay in approving the fiscal year end change destabilized the consortia transition and made the timely alignment of the four authority's chart of accounts almost impossible.

Subsequent to a 2012 finding by the auditors, a complete review of the allocation of expenses was completed by the Executive Director. This review carried into 2014. Each disbursement was reviewed for appropriate allocation. It was determined that software settings were not properly set at the time of installation and a more specific approach could be achieved by adjusting those settings. Corrections were made, with help of SACS Software technical support, and the distribution and allocation of costs to each authority was substantially improved.

The decision was made by management to not begin the process of reimbursement to the "lead agency," the Thomson Housing Authority, until a full review of payables was complete, the software was accurately setup, and procedures were in place to fully document and substantiate the reimbursement amounts. This was not achieved until April of 2014. At that point, the Finance Department began setting up the system for the multiple bank accounts and check coding. After resolving issues with each Authority's bank, reimbursement checks were finally cut to the Thomson Housing Authority in May, 2014. They are accurate and well documented.

It should be noted that the reimbursements were fully accrued and accounted for by the fee accountant as internal governmental payables and receivables on the general ledger of the respective housing authority. An amended budget of actual receipts and expenditures for 2013 for each authority was retroactively approved by the Consortia Executive Board at the April, 2014 board meeting prior to disbursement of accrued payables by each authority in May, 2014. It is the view of the Authority that the funds were most secure in the respective accounts, and the fiduciary responsibility was best carried out by a methodical review and documentation prior to disbursement.

It should also be noted that at no time was any authority in arrears to a vendor for nonpayment. All invoices were paid as appropriate. The Consortia took steps at the beginning of its formation to guarantee the "lead agency" had the resources available to carry the agencies through this considerable transition.

Given all of these changes and the lessons learned, the Consortia will amend Section 13 of the Consortia Agreement at its next regular general meeting to allow for quarterly instead of monthly reimbursements.

It is the expectation of the Consortia that all issues related to this finding shall be corrected as advised by your firm by the end of the 2014 joint fiscal year.



# HENDERSON & DEJOHN, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Commissioners  
 Housing Authority of the City of Harlem

### Independent Accountant's Report on Applying Agreed-Upon Procedure

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Harlem (the "Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged to perform an audit of the financial statements of the Authority as of and for the 15-month period ended December 31, 2013, and have issued our report thereon dated September 26, 2014. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's Financial Data Schedule dated September 26, 2014, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the financial statement package and the FDS, which includes the auditor's report, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit report. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

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

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Balance Sheet, Revenue and Expense	Financial Data Schedule, all CFDA's	X	
2	Footnotes	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS	Auditor's supplemental Report on FDS	X	
4	Basic financial Statements and auditor's reports require to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

*Henderson & DeJohn, LLC*

Henderson & DeJohn, LLC  
 September 26, 2014

HOUSING AUTHORITY OF THE CITY OF HARLEM  
 FINANCIAL DATA SCHEDULE – BALANCE SHEET  
 DECEMBER 31, 2013

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$584,461	\$584,461	\$584,461
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$6,760	\$6,760	\$6,760
115 Cash - Restricted for Payment of Current Liabilities	\$591,221	\$591,221	\$591,221
100 Total Cash			
121 Accounts Receivable - FHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous	\$746	\$746	\$746
126 Accounts Receivable - Tenants	\$1,024	\$1,024	\$1,024
126.1 Allow ance for Doubtful Accounts - Tenants	-\$1	-\$1	-\$1
126.2 Allow ance for Doubtful Accounts - Other	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allow ance for Doubtful Accounts - Fraud	\$17	\$17	\$17
129 Accrued Interest Receivable	\$1,786	\$1,786	\$1,786
120 Total Receivables, Net of Allow ances for Doubtful Accounts			
	\$32,184	\$32,184	\$32,184
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$4,756	\$4,756	\$4,756
143 Inventories	\$17,636	\$17,636	\$17,636
143.1 Allow ance for Obsolete Inventories	-\$1,765	-\$1,765	-\$1,765
144 Inter Program Due From			
145 Assets Held for Sale	\$645,818	\$645,818	\$645,818
150 Total Current Assets			
	\$58,477	\$58,477	\$58,477
161 Land	\$2,142,124	\$2,142,124	\$2,142,124
162 Buildings			
163 Furniture, Equipment & Machinery - Dw ellings			
164 Furniture, Equipment & Machinery - Administration	\$58,320	\$58,320	\$58,320
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$1,872,590	-\$1,872,590	-\$1,872,590
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$386,331	\$386,331	\$386,331
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$386,331	\$386,331	\$386,331
	\$1,032,149	\$1,032,149	\$1,032,149
190 Total Assets			

HOUSING AUTHORITY OF THE CITY OF HARLEM  
 FINANCIAL DATA SCHEDULE – BALANCE SHEET  
 DECEMBER 31, 2013

200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$1,032,149	\$1,032,149	\$1,032,149
311 Bank Overdraft	\$3,354	\$3,354	\$3,354
312 Accounts Payable <= 90 Days			
313 Accounts Payable >90 Days Past Due	\$1,747	\$1,747	\$1,747
321 Accrued Wage/Payroll Taxes Payable	\$1,279	\$1,279	\$1,279
322 Accrued Compensated Absences - Current Portion			
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD FHA Programs			
332 Account Payable - FHA Projects	\$287,421	\$287,421	\$287,421
333 Accounts Payable - Other Government	\$6,760	\$6,760	\$6,760
341 Tenant Security Deposits	\$391	\$391	\$391
342 Unearned Revenue			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			
344 Current Portion of Long-term Debt - Operating Borrowings	\$5,816	\$5,816	\$5,816
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current	\$306,768	\$306,768	\$306,768
310 Total Current Liabilities			
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other	\$3,836	\$3,836	\$3,836
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$3,836	\$3,836	\$3,836
350 Total Non-Current Liabilities			
300 Total Liabilities	\$310,604	\$310,604	\$310,604
400 Deferred Inflow of Resources			
508.4 Net Investment in Capital Assets	\$386,331	\$386,331	\$386,331
511.4 Restricted Net Position	\$335,214	\$335,214	\$335,214
512.4 Unrestricted Net Position	\$721,545	\$721,545	\$721,545
513 Total Equity - Net Assets / Position			
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$1,032,149	\$1,032,149	\$1,032,149

HOUSING AUTHORITY OF THE CITY OF HARLEM  
 FINANCIAL DATA SCHEDULE – INCOME STATEMENT  
 FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$152,503	\$152,503	\$152,503
70400 Tenant Revenue - Other	\$3,634	\$3,634	\$3,634
70500 Total Tenant Revenue	\$156,137	\$156,137	\$156,137
70600 HUD PHA Operating Grants	\$128,609	\$128,609	\$128,609
70610 Capital Grants	\$0	\$0	\$0
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$421	\$421	\$421
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$683	\$683	\$683
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$285,850	\$285,850	\$285,850
91100 Administrative Salaries	\$31,424	\$31,424	\$31,424
91200 Auditing Fees	\$6,200	\$6,200	\$6,200
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$13,896	\$13,896	\$13,896
91600 Office Expenses	\$21,927	\$21,927	\$21,927
91700 Legal Expense	\$1,597	\$1,597	\$1,597
91800 Travel			
91810 Allocated Overhead			
91900 Other			
91000 Total Operating - Administrative	\$75,044	\$75,044	\$75,044
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$13,525	\$13,525	\$13,525
93200 Electricity	\$3,972	\$3,972	\$3,972
93300 Gas	\$35,077	\$35,077	\$35,077
93400 Fuel			
93500 Labor			



HOUSING AUTHORITY OF THE CITY OF HARLEM  
 FINANCIAL DATA SCHEDULE – INCOME STATEMENT  
 FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

93600 Sewer	\$9,371	\$9,371	\$9,371
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$61,945	\$61,945	\$61,945
94100 Ordinary Maintenance and Operations - Labor	\$38,228	\$38,228	\$38,228
94200 Ordinary Maintenance and Operations - Materials and Other	\$25,449	\$25,449	\$25,449
94300 Ordinary Maintenance and Operations Contracts	\$41,049	\$41,049	\$41,049
94500 Employee Benefit Contributions - Ordinary Maintenance	\$14,267	\$14,267	\$14,267
94000 Total Maintenance	\$118,993	\$118,993	\$118,993
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$6,347	\$6,347	\$6,347
96120 Liability Insurance	\$1,654	\$1,654	\$1,654
96130 Workmen's Compensation	\$1,589	\$1,589	\$1,589
96140 All Other Insurance	\$3,052	\$3,052	\$3,052
96100 Total insurance Premiums	\$12,642	\$12,642	\$12,642
96200 Other General Expenses			
96210 Compensated Absences	\$2,792	\$2,792	\$2,792
96300 Payments in Lieu of Taxes	\$2,663	\$2,663	\$2,663
96400 Bad debt - Tenant Rents	\$7,846	\$7,846	\$7,846
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$13,301	\$13,301	\$13,301
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$281,925	\$281,925	\$281,925
97000 Excess of Operating Revenue over Operating Expenses	\$3,925	\$3,925	\$3,925
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$115,322	\$115,322	\$115,322
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$397,247	\$397,247	\$397,247
10010 Operating Transfer In			
10020 Operating transfer Out			

HOUSING AUTHORITY OF THE CITY OF HARLEM  
 FINANCIAL DATA SCHEDULE – INCOME STATEMENT  
 FOR THE 15-MONTH PERIOD ENDED DECEMBER 31, 2013

10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$111,397	-\$111,397	-\$111,397
	\$0	\$0	\$0
11020 Required Annual Debt Principal Payments	\$832,942	\$832,942	\$832,942
11030 Beginning Equity			
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity	660	660	660
11190 Unit Months Available	653	653	653
11210 Number of Unit Months Leased	\$294,930	\$294,930	\$294,930
11270 Excess Cash	\$0	\$0	\$0
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0