

**HOUSING AUTHORITY OF THE CITY OF TULSA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2017**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements and the discretely presented component unit of the Housing Authority of the City of Tulsa (the Authority), which comprise the statement of net position as of December 31, 2017, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

### 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the discretely presented component unit were prepared in accordance with accounting standards issued by the Financial Accounting Standards Board. We have applied audit procedures on the conversion adjustments to the financial statements of the discretely presented component unit, which conform those financial statements to present in accordance with the accounting standards issued by the Governmental Accounting Standards Board. 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 auditors' 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2017, and the changes in financial position and cash flows for the year 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 the management's discussion and analysis on pages 4 through 8 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedules, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners  
Housing Authority of the City of Tulsa

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority'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 the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 26, 2018

**HOUSING AUTHORITY OF THE CITY OF TULSA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

Our discussion and analysis of the Authority's financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2017. Please read it in conjunction with the Authority's financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position decreased by \$5,785,500 or 7.48% during the year ended December 31, 2017, from \$77,386,017, at December 31, 2016 to \$71,600,517 at December 31, 2017.
- Total operating revenues increased by \$4,483,471 or 9.14% for the year ended December 31, 2017, from \$49,068,213 for the year ended December 31, 2016 to \$55,551,684 for the year ended December 31, 2017.
- Total operating expenses of the Authority increased by \$7,509,339 or 13.84% for the year ended December 31, 2017, from \$54,256,934 for the year ended December 31, 2016 to \$61,766,274 for the year ended December 31, 2017.
- Total nonoperating revenues (expenses), including capital grants, increased by \$348,871 or 16.77% for the year ended December 31, 2017, from \$2,080,219 for year ended December 31, 2016 to \$2,429,090 for the year ended December 31, 2017.

**USING THIS ANNUAL REPORT**

The following summarizes the content of the Authority's financial statements:

- Management's Discussion and Analysis
- Financial Statements, including the Statement of Net Position on page 9, the Statement of Revenues and Expenses and Changes in Net Position on page 11, and the Statement of Cash Flows on page 13.
- Notes to Financial Statements

The primary focus of the Authority's financial statements is on the Authority as a whole. This perspective allows the user to address relevant questions, broaden a basis for comparison, and enhance the Authority's accountability.

The Authority engages in only business type activities. The financial statements are designed to be corporate-like in that all business type activities are consolidated to a total for the entire entity. The Authority's major business activities include the following:

- Rental and management of real estate under low rent public housing and Section 8 contracts.
- Provide rental assistance and Family Self Sufficiency counseling under Section 8 voucher contracts.
- Provide tenant services funded from both low rent public housing contracts and private donations.
- Modernization of low rent public housing property through use of Capital Fund Program grants.
- The operation of a low-income tax credit housing project through Nogales Housing Partners LP, the Authority's discretely presented component unit.
- Provision of down payment assistance to homeowners through the HOME Investment Partnership Program of Housing Partners of Tulsa, a component unit of the Authority.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**STATEMENT OF NET POSITION**

The following table reflects the condensed Statement of Net Position compared to prior year.

	12/31/2017	12/31/2016	Total Change	% Change
Cash and Cash Equivalents	\$ 2,069,325	\$ 5,691,517	\$ (3,622,192)	-63.64%
Investments	23,637,255	23,968,863	(331,608)	-1.38%
Other Assets	2,414,899	2,297,712	117,187	5.10%
Capital Assets	53,959,215	57,397,402	(3,438,187)	-5.99%
Total Assets	<u>82,080,694</u>	<u>89,355,494</u>	<u>(7,274,800)</u>	<u>-8.14%</u>
Current Liabilities	4,668,208	2,528,066	2,140,142	84.66%
Other Noncurrent Liabilities	1,237,596	1,892,200	(654,604)	-34.59%
Long-Term Debt	4,574,373	5,098,275	(523,902)	-10.28%
Total Liabilities	<u>10,480,177</u>	<u>9,518,541</u>	<u>961,636</u>	<u>10.10%</u>
Deferred Inflows of Resources	-	2,450,936	(2,450,936)	100.00%
Net Position:				
Net Investment in Capital Assets	48,973,431	52,284,349	(3,310,918)	-6.33%
Restricted	2,308,209	1,457,428	850,781	58.38%
Unrestricted	20,318,877	23,644,240	(3,325,363)	-14.06%
Total Net Position	<u>71,600,517</u>	<u>77,386,017</u>	<u>(5,785,500)</u>	<u>-7.48%</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 82,080,694</u>	<u>\$ 89,355,494</u>	<u>\$ (7,274,800)</u>	<u>-8.14%</u>

For more detailed information, see page 9 for the Statement of Net Position.

**MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION**

Cash decreased by \$3,622,192 primarily due to receiving 2017 HCV subsidy on December 30, 2016 and not receiving HCV subsidy early for 2018.

Capital assets decreased by 3,438,187. The decrease is primarily due to an increase in accumulated depreciation of \$6,720,289 while additions to capital assets only increased by \$3,372,113. The capital asset decrease primarily impacts the Public Housing program.

The increase in restricted net position of \$850,781 is primarily due to the increase in amounts restricted for housing assistance payments of \$696,104 under the Housing Choice Vouchers (HCV) Program due to timing on HCV funding.

The decrease in unrestricted net position of \$3,325,363 is primarily due to additional staffing and implementation of a step-pay-plan and salary survey that affected 98% of all staff.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION**

The following schedule compares the revenues and expenses for the current and previous fiscal year. As stated before, the Authority engages in only business-type activities.

	12/31/2017	12/31/2016	Total Change	% Change
<b>Revenues:</b>				
Operating Grants and Subsidies	\$ 48,537,632	\$ 43,754,045	\$ 4,783,587	10.93%
Tenant Rental and Other Operating Revenues	4,132,792	4,560,080	(427,288)	-9.37%
Other	881,260	754,088	127,172	16.86%
<b>Total Operating Revenues</b>	<b>53,551,684</b>	<b>49,068,213</b>	<b>4,483,471</b>	<b>9.14%</b>
<b>Expenses:</b>				
Administrative and General	13,010,893	10,325,323	2,685,570	26.01%
Tenant Services	686,052	702,342	(16,290)	-2.32%
Utilities	3,239,307	3,020,859	218,448	7.23%
Maintenance	7,988,293	6,034,486	1,953,807	32.38%
Protective Services	599,165	548,454	50,711	9.25%
Housing Assistance Payments	29,522,275	26,974,873	2,547,402	9.44%
Depreciation	6,720,289	6,650,598	69,691	1.05%
<b>Total Operating Expenses</b>	<b>61,766,274</b>	<b>54,256,935</b>	<b>7,509,339</b>	<b>13.84%</b>
<b>Nonoperating Revenues (Expenses):</b>				
Capital Grants and Contributions	2,462,864	2,057,483	405,381	19.70%
Interest Income	261,311	361,055	(99,744)	-27.63%
Loss on Sale of Fixed Asset	5,431	2,758	-	0.00%
Interest Expense	(300,516)	(341,077)	40,561	-11.89%
<b>Total Nonoperating Revenue (Expenses)</b>	<b>2,429,090</b>	<b>2,080,219</b>	<b>348,871</b>	<b>16.77%</b>
<b>Change in Net Position</b>	<b>\$ (5,785,500)</b>	<b>\$ (3,108,503)</b>	<b>\$ (2,676,997)</b>	<b>86.12%</b>



**HOUSING AUTHORITY OF THE CITY OF TULSA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION**

Operating and capital grants and subsidies increased by approximately \$4,783,587, primarily as a result of:

- HCV funding increase of \$3,843,202 primarily due to increased payment standards and an increase in issuance of vouchers.

Section 8 housing assistance payments (HAP) increased by approximately \$2,547,402, due to increase in payment standards.

Administrative and General and Maintenance expenses increased by \$2,685,570 and \$1,953,807, respectively, primarily due to the implementation of the salary survey, step-pay plan, and additional executive level staffing.

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being. The decrease in unrestricted net position is attributable to operating cash flow, less amounts of increases in restricted net position.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

As of year-end, the Authority had \$48,973,431 invested (net) in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$3,438,187 from the end of last year.

	<u>12/31/2017</u>	<u>12/31/2016</u>
Land, Construction in Progress, Buildings, and Improvements	\$ 158,611,965	\$ 155,369,243
Furniture and Equipment	12,048,560	12,047,389
Total Cost of Assets	<u>170,660,525</u>	<u>167,416,632</u>
Accumulated Depreciation	(116,701,310)	(110,019,230)
Net	<u><u>\$ 53,959,215</u></u>	<u><u>\$ 57,397,402</u></u>

**CHANGE IN CAPITAL ASSETS**

The following summarizes the changes in capital assets:

Balance, Beginning of Year	\$ 57,397,402
Additions to Capital Assets	3,372,113
Disposal of Capital Assets, Net	(90,011)
Depreciation	(6,720,289)
Balance, End of Year	<u><u>\$ 53,959,215</u></u>

**HOUSING AUTHORITY OF THE CITY OF TULSA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2017**

**DEBT OUTSTANDING**

As of December 31, 2017, outstanding debt was \$4,985,784 compared to \$5,113,052, at December 31, 2016. This represents a decrease of \$127,268, and is attributable to current year principal payments on the debt.

	Balance 12/31/2016	Increase	Decrease	Balance 12/31/2017	Current Portion
Inhofe Plaza Debt	<u>\$ 5,113,052</u>	<u>\$ -</u>	<u>\$ (127,268)</u>	<u>\$ 4,985,784</u>	<u>\$ 411,411</u>

**ECONOMIC FACTORS**

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development (or applicable agency)
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies, and other costs

**FINANCIAL CONTACT**

The individual to be contacted regarding this report is Darian Walker, Chief Financial Officer of the Housing Authority of the City of Tulsa, Oklahoma, at (918) 581-5703. Specific requests may be submitted to Darian Walker, CFO, at P.O. Box 6369, Tulsa, Oklahoma, 74148-0369.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	<u>Business-Type Activities</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents - Unrestricted	\$ 820,926
Cash and Cash Equivalents - Restricted	1,248,399
Investments - Restricted	1,794,040
Accounts Receivable, Net	684,095
Prepaid Expenses	489,109
Inventories, Net	21,286
Assets Held for Sale	130,000
Due from Discretely Presented Component Units	5,905
Total Current Assets	<u>5,193,760</u>
<b>NONCURRENT ASSETS</b>	
Notes Receivable	970,001
Long-Term Investments - Unrestricted	21,843,215
Capital Assets, Net	53,959,215
Other Assets	114,503
Total Noncurrent Assets	<u>76,886,934</u>
Total Assets	<u><u>\$ 82,080,694</u></u>
<b>LIABILITIES AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	\$ 391,242
Accrued Liabilities	2,790,694
Accrued Compensated Absences, Current Portion	175,677
Unearned Revenue	400,683
Long-Term Debt, Current Portion	411,411
Tenant Security Deposits	352,935
Current Liabilities - Other	145,566
Total Current Liabilities	<u>4,668,208</u>
<b>NONCURRENT LIABILITIES</b>	
Long-Term Debt, Less Current Portion	4,574,373
Accrued Compensated Absences, Less Current Portion	1,001,009
Noncurrent Liabilities - Other	236,587
Total Noncurrent Liabilities	<u>5,811,969</u>
Total Liabilities	10,480,177
<b>NET POSITION</b>	
Net Investment in Capital Assets	48,973,431
Restricted Net Position	2,308,209
Unrestricted Net Position	20,318,877
Total Net Position	<u>71,600,517</u>
Total Liabilities, Deferred Inflows, and Net Position	<u><u>\$ 82,080,694</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**BALANCE SHEET – DISCRETELY PRESENTED COMPONENT UNITS**  
**DECEMBER 31, 2017**

	<u>Discretely Presented Component Unit</u>
<b>ASSETS</b>	
Cash and Cash Equivalents - Unrestricted	\$ 303,006
Cash and Cash Equivalents - Restricted	6,590
Accounts Receivable, Net	3,620
Prepaid Expenses	14,490
Long-Term Investments - Restricted	278,139
Capital Assets, Net	1,615,891
Total Assets	<u>\$ 2,221,736</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 2,347
Accrued Liabilities	839,559
Unearned Revenue	3,923
Tenant Security Deposits	6,590
Due to Related Party	5,905
Long-Term Debt, Less Current Portion	1,087,001
Total Liabilities	<u>1,945,325</u>
<b>PARTNERS' CAPITAL</b>	<u>276,411</u>
Total Liabilities and Partners' Capital	<u>\$ 2,221,736</u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities
<b>OPERATING REVENUES</b>	
Dwelling Rent	\$ 4,132,792
Governmental Grants and Subsidy	48,537,632
Other Income	881,260
Total Operating Revenues	53,551,684
<b>OPERATING EXPENSES</b>	
Administrative	10,687,435
Tenant Services	686,052
Utilities	3,239,307
Maintenance and Operations	7,988,293
Protective Services	599,165
General Expense	2,323,458
Housing Assistance Payments	29,522,275
Depreciation	6,720,289
Total Operating Expenses	61,766,274
<b>NET OPERATING LOSS</b>	(8,214,590)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment Income	261,311
Gain on Sale of Fixed Assets	5,431
Interest Expense	(300,516)
Total Nonoperating Revenues (Expenses)	(33,774)
<b>NET LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	(8,248,364)
<b>CAPITAL CONTRIBUTIONS</b>	2,462,864
<b>DECREASE IN NET POSITION</b>	(5,785,500)
Net Position - Beginning of Year	77,386,017
<b>NET POSITION - END OF YEAR</b>	\$ 71,600,517

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
STATEMENT OF OPERATIONS AND CHANGES IN PARTNERS' CAPITAL – DISCRETELY  
PRESENTED COMPONENT UNITS  
YEAR ENDED DECEMBER 31, 2017**

	<u>Discretely Presented Component Unit</u>
<b>REVENUE</b>	
Dwelling Rent	\$ 135,307
Governmental Grants and Subsidy	59,558
Other Income	10,457
Total Revenue	<u>205,322</u>
<b>OPERATING EXPENSES</b>	
Administrative	77,037
Utilities	12,881
Maintenance and Operations	67,759
Protective Services	3,512
General Expense	25,912
Depreciation	129,874
Total Operating Expenses	<u>316,975</u>
<b>NET OPERATING LOSS</b>	(111,653)
<b>OTHER INCOME AND (EXPENSES)</b>	
Investment Income	729
Interest Expense	(87,357)
Net Other Income and (Expense)	<u>(86,628)</u>
<b>NET LOSS</b>	(198,281)
Balance - January 1, 2017	<u>474,692</u>
<b>BALANCE - DECEMBER 31, 2017</b>	<u><u>\$ 276,411</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from Customers	\$ 1,968,853
Governmental Grants and Subsidiary - Operations	48,537,632
Cash Received from Other Sources	881,278
Payments to Suppliers for Operations	(5,537,040)
Payments for Housing Operations and Tenant Services	(6,716,292)
Housing Assistance Payments	(29,522,275)
Payments to Employees	(12,585,675)
Net Cash Used by Operating Activities	<u>(2,973,519)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Decrease in Investments	70,297
Interest Received	522,622
Net Cash Provided by Investing Activities	<u>592,919</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Capital Grants	2,462,864
Acquisition of Capital Assets	(3,372,113)
Disposal of Capital Assets	95,442
Repayment of Long-Term Debt	(127,269)
Payment of Interest	(300,516)
Net Cash Used by Capital and Related Financing Activities	<u>(1,241,592)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (3,622,192)

Cash and Cash Equivalents - Beginning of Year 5,691,517

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 2,069,325

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES**

Net Operating Loss from Operations	\$ (8,214,590)
Adjustment to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	6,720,289
Bad Debt Expense	384,891
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable	(436,371)
Prepaid Expenses	(256,374)
Inventory	190,649
Interprogram	(5,905)
Other Assets	5,923
Accounts Payable	(37,733)
Accrued Liabilities	28,909
Unearned Revenue	(2,121,645)
Compensated Absences	(606,608)
Tenant Security Deposits	9,186
Other Current Liabilities	1,365,860
Net Cash Used by Operating Activities	<u><u>\$ (2,973,519)</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Housing Authority of the City of Tulsa (THA or the Authority), established by the City of Tulsa in 1966, is a quasi-governmental, public body, corporate and politic, exercising exclusively public and essential government functions, and having all the powers necessary or convenient to carry out and effectuate the purposes and provisions of the Oklahoma Housing Authorities Act (OHAA). THA is governed by a five-member Board of Commissioners, appointed by the mayor of the City of Tulsa, which establishes policies, approves budgets and provides general direction to the THA President / Chief Executive Officer and Executive Staff.

THA is responsible for promoting safe and sanitary dwelling accommodations to persons of low income at rentals or prices they can afford, funded by grants and subsidies from the U.S. Department of Housing and Urban Development (HUD). THA receives no direct financial support from the City of Tulsa. THA holds the HUD rank of High Performing Agency.

**Reporting Entity**

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the accompanying financial statements include all organizations, activities, functions and component units for which the THA is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the Authority's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the Authority.

**Housing Partners of Tulsa, Inc. (HPT)** is a nonprofit organization, organized by the Authority, to provide a wide range of affordable housing options for low and moderate income Tulsans and to promote programs leading to self-sufficiency and home ownership.

HPT also has a contract with the City of Tulsa to administer HOME investment Program funds set aside for the purpose of providing down payment assistance to eligible, potential homeowners. Once eligibility is determined, HPT provides a down payment to the homeowner at closing. Among other requirements, this assistance is not required to be paid back to HPT unless the house is sold within five years of the purchase date. HPT also provides housing and housing related services to eligible participants, funded by grants from HUD.

In 2017, the Board of Commissioners of the Authority gave HPT the ability to appoint its own board. No Authority board members are now members of HPT's board.

**Tulsa Housing Assistance Corporation (THAC)** is a nonprofit organization, formed for the purpose of issuing revenue bonds, the proceeds of which were used to purchase the Murdock Villa apartment complex, located in Tulsa, Oklahoma and consisting of 143 units and operated under Section 8 of the National Housing Act, and to provide financing for other Authority-owned properties to be operated as low-income housing projects. There was no activity during the audit period.



**HOUSING AUTHORITY OF THE CITY OF TULSA**  
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**DECEMBER 31, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

**Property One Management Group, LLC** is a nonprofit organization, organized by the Authority, to purchase, manage, improve, and sell real estate. There was no activity during the audit period.

**Nogales Realty, LLC and Newton Plaza, Inc.** were formed for the purpose of construction of the Newton Plaza apartment complex located in Tulsa, Oklahoma, consisting of 28 units and operating as a low-income tax credit project. Newton Plaza, Inc. and Nogales Realty, LLC are owned 100% by the Authority and Newton Plaza, Inc. is the general partner of Nogales LP. Newton Plaza's share of Nogales LP is 0.009% of Profit & Losses and 13.827% of Capital.

The Authority received HOPE VI grants in the amount of \$28.6 million and loaned them to HOPE VI entities in accordance with HUD's HOPE VI grant program for the construction of low rent public housing units. While the loans bear interest, no principal or interest payments are due until 2042-2043. If these notes go unpaid, the Authority does have first right of refusal to acquire the properties. The Authority does not report the HOPE VI financial statements as component units since the Authority is not a majority general partner or owner. Any subsidies the Authority receives are passed directly on to the HOPE VI entities. Furthermore, the potential that the HOPE VI entities will provide either a financial benefit or burden is considered remote. Consequently, the loans receivable and accrued interest amounting to approximately \$36 million at December 31, 2017, \$35 million at December 31, 2016 and the public housing operating subsidies received of \$798,460 for year-end December 31, 2017 and \$825,245 for year-end December 31, 2016 are not reported as assets by the Authority.

**Discretely Presented Component Unit**

The financial statements present Nogales Housing Partners LP as a discretely presented component unit because THA does not have the ability to control the operations of the Partnership (GASB Statement No. 61).

**Nogales Housing Partners, LP:** Nogales Housing Partners LP, an Oklahoma limited partnership, was formed in 2004 to acquire, construct, develop and operate a 28-unit multifamily apartment complex known as Newton Plaza in Tulsa, Oklahoma, for rental to individuals and families of low income and to public housing tenants (as to 14 of the units). The Project is operated by an independent management company in a manner necessary to qualify for federal low-income housing tax credits as provided for in Section 42 of the Internal Revenue Code.

Pursuant to the Partnership Agreement of Nogales, the limited partner of Nogales is required to make and has made capital contributions in varying installments totaling approximately \$2,450,000. These limited partner capital contributions are subject to adjustments based on the amount of Low-income Housing Tax Credits allocated to Newton Plaza apartment complex and subject to other adjustments as defined in the Partnership Agreement of Nogales LP.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Discretely Presented Component Unit (Continued)**

Nogales LP expects to generate an aggregate of approximately \$2,550,000 of low-income housing tax credits (Tax Credits). Tax Credits become available for use by its partners pro-rata over a ten-year period, and will expire in March 2016. In order to qualify for Tax Credits, Newton Plaza apartment complex must comply with federal and state requirements including, but not limited to renting to low-income tenants at prescribed rates for at least the first 15 years of operation, and maintaining and operating the apartment complex as low-income housing for another 15 years after that. Because Tax Credits are subject to complying with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized.

A copy of the separately issued audited financial statement of the discretely presented component unit can be obtained by contacting the Housing Authority of the City of Tulsa, 415 E. Independence Street, Tulsa, OK 74106.

**Summary of HUD Programs**

The accompanying financial statements include activities of several Housing Programs subsidized by HUD. A summary of each significant HUD program is provided below:

**Low-Income Housing Programs:** THA owns and manages 13 principal developments (Asset Management Projects). These developments are acquired, developed, and modernized under HUD's Capital Fund Program. Funding of operations is provided by HUD through annual operating subsidies and tenant rentals, determined based on family composition and income.

THA also owns and manages four developments funded by HUD Section 8 Project Based contracts: Meadows, Towne Square, Inhofe Plaza, and Murdoch Villa. Funding of operations is provided by HUD through annual Section 8 operating subsidies and tenant rentals, determined based on family composition and income.

**Housing Assistance Program:** The housing assistance payments program utilizes approved existing privately owned family rental housing units to provide decent and affordable housing to low income families. Qualifying families pay rent to the property owners based on family composition and income, and HUD, through THA, pays the difference between the approved fair property rental and tenant rent.

**Basis of Accounting**

The Authority presents its activities as an enterprise fund. The measurement focus is on the determination of operations, financial position, and cash flows. As a result, the Authority uses the accrual method of accounting, whereby revenues are recorded when earned and expenses are recorded at the time that liabilities are incurred.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services to tenants. Operating revenues and expenses consist of rental revenues, other charges collected from tenants, operating grants and subsidies, and expenses associated with operating low-income housing projects, including housing assistance payments. All other revenues and expenses are reported as nonoperating revenues and expenses.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (Continued)**

The Authority is required to follow all statements of the Governmental Accounting Standards Board (GASB). GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued to incorporate FASB and AICPA Guidance into GASB authoritative literature.

**Use of Estimates**

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

**Cash and Cash Equivalents**

All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents.

Cash balances are maintained at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of December 31, 2017.

**Investments**

Investments (including restricted investments) consist of U.S. agency securities, certificates of deposit, money market funds, and other time deposits. Investments that are short-term money-market type investments, as defined by the GASB, are recorded at amortized cost, which approximates fair value. All other investments are recorded at fair value.

**Capital Assets**

Property and equipment are recorded at acquisition cost, and depreciated using the straight-line method over their estimated useful lives, as follows:

Buildings and Improvements	20 to 40 years
Furniture and Equipment, Including Dwelling Appliances	3 to 15 years

Capitalization Policy for the Authority is items purchased for betterment, not repairs, in excess of \$5,000 and a useful life of one (1) year will be capitalized.

Maintenance and repairs are charged to expense as incurred, whereas renewals and betterments are generally capitalized.

Upon sale or retirement, the costs are removed from the accounts, and the resulting gain or loss is included in revenue or expense.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

No provision has been made for federal and state income taxes on the Authority, as the Authority is a tax-exempt organization. Nogales Realty, LLC is a single-member limited liability company owned by the Authority and is considered as part of the Authority for income tax purposes. The Authority does make annual payments in lieu of income taxes to local school districts.

No provision has been made for federal and state income taxes for Newton Plaza, Inc., as amounts are considered immaterial.

HPT, Property One, and THAC are tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code, and no provision for income taxes is provided for them.

**Inventories**

Inventories consist of expendable materials and supplies, which are stated at weighted average cost.

**Unearned Revenues**

Deferred revenues consist of tenant rental revenue, Section 8 subsidies, and other revenue received in advance.

**Compensated Absences**

Vested vacation leave is recorded as an expense as the benefits accrue to employees.

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow until that time. For the Authority, deferred inflows of resources are reported for non-exchange revenue received before the resources are required to be used.

**Net Position**

Net position is displayed in three components:

*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.

*Restricted* – Net Position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. This includes resources restricted for capital acquisition and debt service.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position (Continued)**

*Unrestricted* – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority board or may otherwise be limited by contractual agreements with outside parties.

Certain assets including cash may be classified as restricted net position on the Statement of Net Position because their use is restricted for specific purposes. It is the Authority’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted net position at December 31, 2016 consists primarily of amounts restricted, as required by HUD, for housing assistance payments, under the Section 8 Housing Choice Voucher Program and amounts restricted for escrows, reserve for replacements, and other purposes, and amounts restricted under HPT’s HOME Investment Program and other grants.

**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Deposits**

Certificates of deposit and other time deposits, considered investments by the Authority and its component units, are collateralized with securities held by the pledging financial institution’s trust department or agent in the Authority’s or component unit’s name. Deposit balances of the Authority, as well as other investment balances, including restricted investments at December 31, 2017, are as follows:

Checking/Savings Accounts	\$	1,473,098
Money Market Accounts		596,227
Certificates of Deposit		2,296,714
Federal Agency Bond/Note		20,495,907
U.S. Treasury Notes		844,634
Total Cash and Cash Equivalents and Investments	\$	25,706,580

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority’s deposits will not be returned to it. FDIC limits during the period were \$250,000 per fiduciary account per financial institution. All bank balances were sufficiently collateralized as of December 31, 2017.

**Credit Risk**

This is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. It is the Authority’s policy to invest in those securities that are authorized by HUD. Such investments generally consist of obligations of the U.S. government and its agencies and instrumentalities, collateralized or insured certificates of deposit, or other bank deposits, and certain other commercial instruments. As of December 31, 2017, the Authority had investments in agency securities that were rated AAA and AAAM.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits its investment portfolio to maturities not to exceed five years at time of purchase.

As of December 31, 2017, the maturities of the Authority's investments, including restricted, are as follows:

	Carrying Amounts	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit and Other Time Deposits (Classified as Investments)	\$ 2,296,714	\$ -	\$ 2,296,714	\$ -	\$ -
U.S. Agency Securities	20,495,907	-	20,495,907	-	-
U.S. Treasury Notes	844,634	844,634	-	-	-
<b>Total</b>	<b>\$ 23,637,255</b>	<b>\$ 844,634</b>	<b>\$ 22,792,621</b>	<b>\$ -</b>	<b>\$ -</b>

Restricted cash and investments consist of the following at December 31, 2017:

Section 8 Housing Assistance Payments	\$ 696,104
Reserve for Replacement	1,163,858
Family Self Sufficiency	381,295
Tenant Security Deposits	365,467
Other Miscellaneous Restriction	435,715
<b>Total</b>	<b>\$ 3,042,439</b>

**Fair Value Measurements**

The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of December 31, 2017, fair value of investments are as follows:

	12/31/2017	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Federal Home Loan Mortgage Corporation	\$ 3,872,714	\$ -	\$ 3,872,714	\$ -
Federal Farm Credit Bank	2,960,617	-	2,960,617	-
Federal Home Loan Bank	5,038,093	-	5,038,093	-
Federal National Mortgage Association	8,624,483	-	8,624,483	-
U.S. Treasury Notes	844,634	844,634	-	-
<b>Total Investments by Fair Value Level</b>	<b>\$ 21,340,541</b>	<b>\$ 844,634</b>	<b>\$ 20,495,907</b>	<b>\$ -</b>

**HOUSING AUTHORITY OF THE CITY OF TULSA  
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**NOTE 3 RESERVES**

**Housing Choice Voucher – HUD Held Reserve**

In 2011, HUD released PIH Notice 2011-67 (HA) Implementation of New Cash Management Requirements for the Housing Choice Voucher Program. HUD is required to control disbursements of funds to PHAs in such a way as to ensure that PHAs do not receive federal funds before they are needed. The process of disbursing only the funds required for current HAP costs resulted in the re-establishment of HUD-held program reserves, whereby excess HAP funds will remain obligated but undisbursed at HUD rather than held by the PHAs. As of December 31, 2017, the Authority’s HUD-Held Reserve totaled approximately \$48,470. This amount is not reported in the financial statements, because HUD can take these funds back at any point in time.

**Long-Term Financial Plans**

THA is continuing to find strategic ways to improve affordable housing throughout the City of Tulsa. In 2017, THA applied for a Choice Neighborhoods grant, through HUD, in the amount of \$30,000,000. THA received notice of receiving the grant in 2018. Work will begin in 2019 on a total redevelopment of the Eugene Fields community through this grant, which includes a THA property, Riverview. THA applied for the Rental Assistance Demonstration program, through HUD, in 2017 and received approval notice to move forward with the program in August 2018. Planning and implementation of the program will begin in 2018 and continue over the next few years. During this time, the Agency will also continue to acquire and develop more properties that will yield unrestricted profits in the year to come.

**NOTE 4 ACCOUNTS RECEIVABLE – HUD AND OTHER GOVERNMENTAL ENTITIES**

Accounts receivable from HUD and other governmental entities consisted of the following as of December 31, 2017:

Accounts Receivable	
Accounts Receivable - HUD	
Low Rent Public Housing	\$ 117,848
ROSS	6,411
CDBG	43,142
Housing Choice Voucher	48,527
Moderate Rehab	55,525
COCC	150,085
Accounts Receivable - Other Governmental Entities	16,292
Accounts Receivable - Tenants, Net of Allowance of \$59,329	126,761
Fraud Recovery, Net of Allowance of \$375,043	19,839
Accounts Receivable - Miscellaneous	9,941
Accrued Interest Receivable	89,724
Total	\$ 684,095

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
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**NOTE 5 NOTES RECEIVABLE**

Notes receivable at December 31, 2017 consisted of the following:

Notes Receivable					
Program Due To	Description	Loan Date	Interest Rate	Due Date	Balance at 12/31/2017
	Nogales LP - HOPE VI				
COCC	Program Income Loan	10/31/2005	4.83%	12/31/2035	\$ 85,449
COCC	Nogales LP - HOPE VI Loan	10/31/2005	4.83%	12/31/2035	434,552
COCC	Nogales LP - HOME Loan	10/31/2005	4.83%	12/31/2035	300,000
COCC	Nogales LP - CDBG Loan	10/31/2005	4.83%	12/31/2035	150,000
Long-Term Notes Receivable					\$ 970,001

**NOTE 6 CAPITAL ASSETS**

Activity in property and equipment, for both the Authority and its discretely presented component unit, is as follows for the year ended December 31, 2017:

The Authority

	12/31/16	Additions	Disposals	Transfers	12/31/17
Land (Not Depreciated)	\$ 24,537,233	\$ -	\$ -	\$ -	\$ 24,537,233
Construction in Progress (Not Depreciated)	102,455	793,390	-	(102,455)	793,390
Buildings and Improvements	130,729,555	2,577,552	(128,220)	102,455	133,281,342
Furniture and Equipment	12,047,389	1,171	-	-	12,048,560
Total Depreciable Assets	142,776,944	2,578,723	(128,220)	102,455	145,329,902
Less Accumulated Depreciation	(110,019,230)	(6,720,289)	38,209	-	(116,701,310)
Net Property and Equipment	\$ 57,397,402	\$ (3,348,176)	\$ (90,011)	\$ -	\$ 53,959,215

Nogales LP

	12/31/16	Additions	Disposals	Transfers	12/31/17
Land (Not Depreciated)	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings and Improvements	3,207,296	-	-	-	3,207,296
Furniture and Equipment	35,127	-	-	-	35,127
Total Depreciable Assets	3,242,423	-	-	-	3,242,423
Less Accumulated Depreciation	(1,496,658)	(129,874)	-	-	(1,626,532)
Net Property and Equipment	\$ 1,745,765	\$ (129,874)	\$ -	\$ -	\$ 1,615,891

**NOTE 7 LONG-TERM DEBT**

**Business-Type Activities**

**Inhofe Mortgage Note Payable**

On April 10, 2007, the Authority entered into a mortgage with the Bank of Oklahoma in the amount of \$6,000,000. The mortgage note payable of Inhofe is payable to a bank and bears interest at 6.5%. The note is due in monthly installments of \$38,300, including interest, with the final installment due April 2017. In April 2017, the Authority extended the mortgage with Bank of Oklahoma by 36 months with a beginning balance of \$5,085,360.98. The extended note is due in monthly installments of \$34,284, including interest at an interest rate of 5.18%. The final installment is due April 10, 2020. The note is collateralized by a mortgage on Inhofe Plaza Apartments, which was acquired by the Authority during the year ended June 30, 2007. The balance as of December 31, 2017 was \$4,985,784.



**HOUSING AUTHORITY OF THE CITY OF TULSA  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Business-Type Activities (Continued)**

Inhofe Mortgage Note Payable (Continued)

Activity in debt is as follows for the year ended December 31, 2017:

Balance, Beginning of Year	\$ 5,113,052
Principal Repayments	(127,268)
Total	\$ 4,985,784

**Discretely Presented Component Units**

HOPE VI Program Income Loan

Under the terms of a loan agreement with the Authority, the Authority agreed to loan the Partnership up to \$1,618,128 for construction financing. Advances under the loan bear interest at the greater of 4.83% or the long-term Applicable Federal Rate (AFR) at the time of each disbursement of funds under the loan agreement. Interest is compounded annually.

Annual payments equal to 50% of “Net Cash Flow,” as that term is defined in the Partnership Agreement, are required, with remaining balances due December 31, 2035.

The source of these funds is program income from the Authority’s HOPE VI grant program, and this loan is referred to as the Program Income Loan. Outstanding borrowings under the loan agreement are collateralized by a first mortgage on the Project. This loan was primarily a Construction Loan and has been repaid, except for the remaining balance at December 31, 2017 of \$85,449.

HOPE VI Loan

Under the terms of another loan agreement with the Authority, the Authority agreed to loan the Partnership up to \$434,552 for construction and permanent financing. Advances under the loan bear interest at the greater of 4.83% or the long-term AFR at the time of each disbursement of funds under the loan agreements. Interest is compounded annually. Annual payments equal to 50% of “Net Cash Flow,” as that term is defined in the Partnership Agreement, are required, with remaining balances due December 31, 2035. The source of these funds is HOPE VI grant funds of the Authority, and this loan is referred to as the HOPE VI loan. Outstanding borrowings under the loan agreement are collateralized by a second Mortgage on the project.

Other Loans

Under the terms of the other loan agreements with the Authority, the Authority agreed to loan the Partnership \$450,000. Advances under the loans bear interest at the greater of 4.83% or the long-term AFR at the time of each disbursement of funds under the loan agreement. Interest is compounded annually. There are no payments due until maturity of the loans on December 31, 2035. The sources of these funds are federal grant funds of the Authority.

Outstanding borrowings under the loan agreements are collateralized by the third and fourth mortgages on the Project. These loans are described as the HOME loan and CDBG loan in the preceding schedule.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
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**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**Discretely Presented Component Units (Continued)**

**Other Loans (Continued)**

Under the terms of a loan agreement with the Bank of Oklahoma (BOK), BOK agreed to loan the Partnership \$117,000. Advances under this loan bear interest at the greater of 4.83% or the long-term AFR at the time of each disbursement of funds under the loan agreement. Interest is compounded annually. There are no payments due until maturity of the loans on December 31, 2035. Outstanding borrowings under the loan agreement are collateralized by a fifth mortgage on the Project.

**Future Maturities Schedule**

Future debt service of long-term debt is as follows:

	Inhofe		Nogales LP		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 156,868	\$ -	\$ -	\$ -	\$ 156,868	\$ -
2019	165,189	-	-	-	165,189	-
2020	4,663,727	-	-	-	4,663,727	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023-2027	-	-	-	-	-	-
2028-2032	-	-	-	-	-	-
2033-2035	-	-	1,087,001	-	1,087,001	-
Total	\$ 4,985,784	\$ -	\$ 1,087,001	\$ -	\$ 6,072,785	\$ -

**NOTE 8 OTHER NONCURRENT LIABILITIES**

Other noncurrent liabilities and their activities consist of the following:

	Balance			Balance 12/31/2017	Current Portion of Balance
	12/31/2016	Increases	Decreases		
Compensated Absences	\$ 1,783,294	\$ 237,867	\$ (844,475)	\$ 1,176,686	\$ 175,677
FSS Escrow Liabilities	426,850	174,701	(220,256)	381,295	145,566
Total	\$ 2,210,144	\$ 412,568	\$ (1,064,731)	\$ 1,557,981	\$ 321,243

**NOTE 9 RETIREMENT PLAN**

The Authority sponsors a defined contribution plan covering all full time employees who have six months of service and are age twelve or older through the Housing Authority of the City of Tulsa Deferred Income Retirement Plan. Participants may contribute to the plan in amounts not to exceed IRS limitations. The Authority makes matching contributions equal to the participant's contribution plus 2%, but only on participant contributions of at least 3% and up to 6%. Participants are fully vested in their contributions plus actual earnings thereon. Employer contributions are vested ratably over five years of credited service.

Participant and Authority contributions during the fiscal year ended December 31, 2017 totaled approximately \$400,549 and \$443,378, respectively.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
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**NOTE 10 COMMITMENTS AND CONTINGENCIES**

The Authority is a defendant in several claims and lawsuits; however, the Authority's management and legal counsel are of the opinion that the ultimate outcome of all such litigation will not have a material effect on the future operations or financial position of the Authority.

The activities of the Authority are currently funded in large part by the federal government and future operations of the Authority and its component unit are reliant on continuation of this funding from the federal government.

Amounts received or receivable from HUD and other government agencies are subject to audit and adjustment. Any disallowed expenses may constitute a liability of the Authority. The amount of expenses that may be disallowed, if any, cannot be determined at this time although the Authority expects such amounts to be immaterial.

**NOTE 11 BLENDED COMPONENT UNIT FINANCIAL INFORMATION**

GASB statement No. 61 modifies certain requirements for inclusion of blended component units in the financial reporting entity, and amends the criteria for blending component units in certain circumstances, as well as requiring certain disclosures.

As a result of applying GASB statement No. 61, the following combining financial information for the Authority and its blended component units is presented.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
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**NOTE 11 BLENDED COMPONENT UNIT FINANCIAL INFORMATION (CONTINUED)**

**Combining Schedule of Net Position**

<b>ASSETS</b>	<b>Authority</b>	<b>Housing Partners of Tulsa, Inc.</b>	<b>Nogales Realty</b>	<b>Total</b>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 2,000,500	\$ 55,825	\$ 13,000	\$ 2,069,325
Investments - Restricted	1,794,040	-	-	1,794,040
Accounts Receivable, Net	681,485	216	2,394	684,095
Prepaid Expenses	489,109	-	-	489,109
Inventories, Net	21,286	-	-	21,286
Assets Held for Sale	130,000	-	-	130,000
Interprogram	(209)	6,114	-	5,905
Total Current Assets	<u>5,116,211</u>	<u>62,155</u>	<u>15,394</u>	<u>5,193,760</u>
<b>NONCURRENT ASSETS</b>				
Notes Receivable	970,001	-	-	970,001
Long-Term Investments - Unrestricted	21,297,204	6,846	539,165	21,843,215
Capital Assets, Net	53,952,715	6,500	-	53,959,215
Other Assets	-	-	114,503	114,503
Total Noncurrent Assets	<u>76,219,920</u>	<u>13,346</u>	<u>653,668</u>	<u>76,886,934</u>
Total Assets	<u>\$ 81,336,131</u>	<u>\$ 75,501</u>	<u>\$ 669,062</u>	<u>\$ 82,080,694</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 382,433	\$ 8,809	\$ -	\$ 391,242
Accrued Liabilities	2,790,694	-	-	2,790,694
Accrued Compensated Absences, Current Portion	175,677	-	-	175,677
Unearned Revenues	400,683	-	-	400,683
Long-Term Debt, Current Portion	411,411	-	-	411,411
Tenant Security Deposits	352,935	-	-	352,935
Interprogram	(18,229)	14,861	3,368	-
Other Current Liabilities	145,566	-	-	145,566
Total Current Liabilities	<u>4,641,170</u>	<u>23,670</u>	<u>3,368</u>	<u>4,668,208</u>
<b>OTHER NONCURRENT LIABILITIES</b>				
Total Liabilities	<u>5,811,969</u>	<u>-</u>	<u>-</u>	<u>5,811,969</u>
Total Liabilities	<u>10,453,139</u>	<u>23,670</u>	<u>3,368</u>	<u>10,480,177</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	48,966,931	6,500	-	48,973,431
Restricted	2,308,209	-	-	2,308,209
Unrestricted	19,607,852	45,331	665,694	20,318,877
Total Net Position	<u>70,882,992</u>	<u>51,831</u>	<u>665,694</u>	<u>71,600,517</u>
Total Liabilities and Net Position	<u>\$ 81,336,131</u>	<u>\$ 75,501</u>	<u>\$ 669,062</u>	<u>\$ 82,080,694</u>

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**NOTE 11 BLENDED COMPONENT UNIT FINANCIAL INFORMATION (CONTINUED)**

**Combining Schedule of Revenues, Expenses, and Changes in Net Position**

	Authority	Housing Partners of Tulsa, Inc.	Nogales Realty	Total
<b>OPERATING REVENUES</b>				
Direct HUD Contributions and Grants:				
Public Housing Operating Subsidies	\$ 11,715,542	\$ -	\$ -	\$ 11,715,542
Section 8 Grants and Subsidies:				
Vouchers	31,983,553	-	-	31,983,553
Multifamily Rental Assistance	3,641,975	-	-	3,641,975
Moderate Rehabilitation	732,452	-	-	732,452
Other	310,969	-	-	310,969
Other Governmental Grants and Subsidies	153,141	-	-	153,141
Dwelling Rent	4,132,792	-	-	4,132,792
Other	862,046	-	19,214	881,260
Total Operating Revenues	<u>53,532,470</u>	<u>-</u>	<u>19,214</u>	<u>53,551,684</u>
<b>OPERATING EXPENSES</b>				
Housing Assistance Payments	29,522,275	-	-	29,522,275
Ordinary Maintenance and Operations	7,987,978	315	-	7,988,293
Administration	10,663,656	4,565	19,214	10,687,435
Utilities	3,239,307	-	-	3,239,307
Protective Services	599,165	-	-	599,165
Tenant Services	686,052	-	-	686,052
General Expenses	2,323,458	-	-	2,323,458
Depreciation	6,720,289	-	-	6,720,289
Total Operating Expenses	<u>61,742,180</u>	<u>4,880</u>	<u>19,214</u>	<u>61,766,274</u>
<b>OPERATING INCOME (LOSS)</b>	(8,209,710)	(4,880)	-	(8,214,590)
<b>NONOPERATING REVENUES</b>				
<b>(EXPENSES)</b>	(38,654)	4,880	-	(33,774)
<b>CHANGE IN NET POSITION BEFORE</b>				
<b>CAPITAL GRANTS</b>				
	(8,248,364)	-	-	(8,248,364)
Capital Grants and Contributions	2,462,864	-	-	2,462,864
<b>CHANGE IN NET POSITION</b>	(5,785,500)	-	-	(5,785,500)
Net Position - Beginning of Year	76,668,492	51,831	665,694	77,386,017
<b>NET POSITION - END OF YEAR</b>	<u>\$ 70,882,992</u>	<u>\$ 51,831</u>	<u>\$ 665,694</u>	<u>\$ 71,600,517</u>

**HOUSING AUTHORITY OF THE CITY OF TULSA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**NOTE 11 BLENDED COMPONENT UNIT FINANCIAL INFORMATION (CONTINUED)**

**Combining Schedule of Cash Flows**

	Authority	Housing Partners of Tulsa, Inc.	Nogales Realty	Total
Net Cash Provided (Used) by Operating Activities	\$ (2,990,212)	\$ 19,840	\$ (3,147)	\$ (2,973,519)
Net Cash Provided (Used) by Investing Activities	662,485	5,684	(75,250)	592,919
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,241,592)	-	-	(1,241,592)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,569,319)	25,524	(78,397)	(3,622,192)
Cash and Cash Equivalents - Beginning of Year	5,569,819	30,301	91,397	5,691,517
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,000,500</b>	<b>\$ 55,825</b>	<b>\$ 13,000</b>	<b>\$ 2,069,325</b>

**SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF TULSA  
ENTITY-WIDE BALANCE SHEET SUMMARY  
DECEMBER 31, 2017**

Line Item #	Accounts Description	Business Activities	Central Office Cost Center	Community Dev Block Grant 14.218	Low Rent Public Hsng 14.850	Moderate Rehab 14.856	Section 8 Rental Assistance 14.195	HOME 14.239	HCAP 14.169	ROSS 14.870	Housing Choice Vouchers 14.871	Blended Component Unit	Elimination	Total	Discretely Presented Component Unit
<b>ASSETS</b>															
<b>CURRENT ASSETS</b>															
Cash:															
111	Unrestricted	\$ 45,952	\$ 205,318	\$ -	\$ 334,060	\$ -	\$ 161,861	\$ 1,700	\$ -	\$ -	\$ 3,210	\$ 68,825	\$ -	\$ 820,926	\$ 303,006
113	Other restricted	-	-	-	-	18,512	-	21,203	-	-	843,217	-	-	882,932	-
114	Tenant security deposits	-	-	-	247,494	-	117,973	-	-	-	-	-	-	365,467	6,590
	Total cash	<u>45,952</u>	<u>205,318</u>	<u>-</u>	<u>581,554</u>	<u>18,512</u>	<u>279,834</u>	<u>22,903</u>	<u>-</u>	<u>-</u>	<u>846,427</u>	<u>68,825</u>	<u>-</u>	<u>2,069,325</u>	<u>309,596</u>
Accounts and notes receivable:															
122	Accounts receivable - HUD	-	150,085	43,142	117,848	55,525	-	-	-	6,411	48,527	-	-	421,538	-
124	Accounts receivable - other government	-	-	-	-	-	-	-	16,292	-	-	-	-	16,292	-
125	Accounts receivable - miscellaneous	5,626	4,302	-	13	-	-	-	-	-	-	-	-	9,941	2,064
126	Accounts receivable - tenants rents	-	-	-	150,468	-	35,622	-	-	-	-	-	-	186,090	3,634
126.1	Allowance for doubtful accounts - tenants	-	-	-	(50,281)	-	(9,048)	-	-	-	-	-	-	(59,329)	(2,078)
128	Accounts receivable - fraud recovery	-	-	-	12,244	-	7,425	-	-	-	375,213	-	-	394,882	-
128	Allowance for doubtful accounts - fraud	-	-	-	(6,550)	-	(4,342)	-	-	-	(364,151)	-	-	(375,043)	-
129	Accrued interest receivable	11,382	14,208	-	47,232	1,766	11,638	176	-	-	712	2,610	-	89,724	-
	Total receivables, net	<u>17,008</u>	<u>168,595</u>	<u>43,142</u>	<u>270,974</u>	<u>57,291</u>	<u>41,295</u>	<u>176</u>	<u>16,292</u>	<u>6,411</u>	<u>60,301</u>	<u>2,610</u>	<u>-</u>	<u>684,095</u>	<u>3,620</u>
131	Investments - unrestricted	2,643,341	3,439,006	-	12,219,728	-	2,709,191	5,308	-	-	280,630	546,011	-	21,843,215	-
132	Investments - restricted	-	-	-	-	395,900	1,163,958	-	-	-	234,182	-	-	1,794,040	278,139
142	Prepaid expenses and other assets	-	103,988	-	317,821	594	32,207	-	-	-	34,499	-	-	489,109	14,490
143	Inventories	-	26,298	-	-	-	-	-	-	-	-	-	-	26,298	-
143	Allowance for obsolete inventories	-	(5,012)	-	-	-	-	-	-	-	-	-	-	(5,012)	-
144	Interprogram due from	45	210,653	-	-	-	19,928	-	-	-	-	6,114	(230,835)	5,905	-
145	Assets held for sale	130,000	-	-	-	-	-	-	-	-	-	-	-	130,000	-
	Total other current assets	<u>2,773,386</u>	<u>3,774,933</u>	<u>-</u>	<u>12,537,549</u>	<u>396,494</u>	<u>3,925,284</u>	<u>5,308</u>	<u>-</u>	<u>-</u>	<u>549,311</u>	<u>552,125</u>	<u>(230,835)</u>	<u>24,283,555</u>	<u>292,629</u>
	Total current assets	<u>2,836,346</u>	<u>4,148,846</u>	<u>43,142</u>	<u>13,390,077</u>	<u>472,297</u>	<u>4,246,413</u>	<u>28,387</u>	<u>16,292</u>	<u>6,411</u>	<u>1,456,039</u>	<u>623,560</u>	<u>(230,835)</u>	<u>27,036,975</u>	<u>605,845</u>
<b>NONCURRENT ASSETS</b>															
Capital assets:															
161	Land	13,580	3,345,801	-	20,820,874	-	350,478	-	-	-	-	6,500	-	24,537,233	458,573
162	Buildings	468,590	5,052,113	-	103,516,320	16,919	24,194,319	-	-	-	33,081	-	-	133,281,342	2,748,723
163	Furniture and equipment, dwellings	-	-	-	-	2,610	612,532	-	-	-	-	-	-	615,142	-
164	Furniture and equipment, administration	-	3,699,660	-	7,478,356	3,246	38,408	-	-	-	213,748	-	-	11,433,418	35,127
166	Accumulated depreciation	(424,428)	(6,980,569)	-	(94,389,040)	(21,596)	(14,653,594)	-	-	-	(232,083)	-	-	(116,701,310)	(1,626,532)
167	Construction in Progress	-	59,280	-	654,118	-	79,992	-	-	-	-	-	-	793,390	-
	Total capital assets, net	<u>57,742</u>	<u>5,176,285</u>	<u>-</u>	<u>38,080,628</u>	<u>1,179</u>	<u>10,622,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,746</u>	<u>6,500</u>	<u>-</u>	<u>53,959,215</u>	<u>1,615,891</u>
171	Notes receivable - noncurrent	-	970,001	-	-	-	-	-	-	-	-	-	-	970,001	-
176	Investment in joint ventures	-	-	-	-	-	-	-	-	-	-	114,503	-	114,503	-
	Total noncurrent assets	<u>57,742</u>	<u>6,146,286</u>	<u>-</u>	<u>38,080,628</u>	<u>1,179</u>	<u>10,622,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,746</u>	<u>121,003</u>	<u>-</u>	<u>55,043,719</u>	<u>1,615,891</u>
	<b>TOTAL ASSETS</b>	<u>\$ 2,894,088</u>	<u>\$ 10,295,132</u>	<u>\$ 43,142</u>	<u>\$ 51,470,705</u>	<u>\$ 473,476</u>	<u>\$ 14,868,548</u>	<u>\$ 28,387</u>	<u>\$ 16,292</u>	<u>\$ 6,411</u>	<u>\$ 1,470,785</u>	<u>\$ 744,563</u>	<u>\$ (230,835)</u>	<u>\$ 82,080,694</u>	<u>\$ 2,221,736</u>



**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)**  
**DECEMBER 31, 2017**

Line Item #	Accounts Description	Business Activities	Central Office Cost Center	Community Dev Block Grant 14.218	Low Rent Public Hsng 14.850	Moderate Rehab 14.856	Section 8 Rental Assistance 14.195	HOME 14.239	HCAP 14.169	ROSS 14.870	Housing Choice Vouchers 14.871	Blended Component Unit	Elimination	Total	Discretely Presented Component Unit
<b>LIABILITIES AND NET POSITION</b>															
<b>CURRENT LIABILITIES</b>															
312	Accounts payable < 90 days	\$ -	\$ 142,271	\$ -	\$ 169,549	\$ 100	\$ 4,460	\$ -	\$ -	\$ 2,538	\$ 46,936	\$ 8,809	\$ -	\$ 374,663	\$ 2,347
321	Accrued salaries/payroll withholding	-	105,913	-	107,652	79	10,323	-	-	2,605	20,625	-	-	247,197	-
322	Accrued compensated absences	-	106,826	-	56,242	98	6,676	-	-	-	5,835	-	-	175,677	-
325	Accrued interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	808,993
331	Accounts payable - HUD PHA programs	-	-	-	-	14,929	-	-	-	-	-	-	-	14,929	-
333	Accounts payable - other government	-	-	-	-	-	-	1,650	-	-	-	-	-	1,650	-
341	Tenant security deposits	-	-	-	244,639	-	108,296	-	-	-	-	-	-	352,935	6,590
342	Unearned revenue	-	322,970	-	61,533	-	16,180	-	-	-	-	-	-	400,683	3,923
343	Current portion of L-T debt - capital projects	-	-	-	-	-	411,411	-	-	-	-	-	-	411,411	-
345	Other current liabilities	-	-	-	39,364	-	-	-	-	-	145,566	-	-	184,930	-
346	Accrued liabilities - other	-	786,332	-	1,289,376	1,603	383,782	-	-	1,268	41,772	-	-	2,504,133	30,566
347	Interprogram (due to)	8,701	2,914	43,142	-	1,853	139,704	-	16,292	-	-	18,229	(230,835)	-	5,905
	Total current liabilities	8,701	1,467,226	43,142	1,968,355	18,662	1,080,832	1,650	16,292	6,411	260,734	27,038	(230,835)	4,668,208	858,324
<b>NONCURRENT LIABILITIES</b>															
Long-term debt, net of current - capital projects															
351		-	-	-	-	-	4,574,373	-	-	-	-	-	-	4,574,373	1,087,001
353	Noncurrent liabilities - other	-	-	-	858	-	-	-	-	-	235,729	-	-	236,587	-
354	Accrued compensated absences - long term	-	608,688	-	320,465	557	38,050	-	-	-	33,249	-	-	1,001,009	-
	Total noncurrent liabilities	-	608,688	-	321,323	557	4,612,423	-	-	-	268,978	-	-	5,811,969	1,087,001
	Total liabilities	8,701	2,075,914	43,142	2,289,678	19,219	5,693,255	1,650	16,292	6,411	529,712	27,038	(230,835)	10,480,177	1,945,325
400	Deferred inflow of resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET POSITION</b>															
508	Net investment in capital assets	57,742	5,176,285	-	38,080,628	1,179	5,636,351	-	-	-	14,746	6,500	-	48,973,431	528,890
511	Restricted	-	-	-	2,855	414,412	1,173,635	21,203	-	-	696,104	-	-	2,308,209	278,139
512	Unrestricted	2,827,645	3,042,933	-	11,097,544	38,666	2,365,307	5,534	-	-	230,223	711,025	-	20,318,877	(530,618)
	Total net position	2,885,387	8,219,218	-	49,181,027	454,257	9,175,293	26,737	-	-	941,073	717,525	-	71,600,517	276,411
<b>TOTAL LIABILITIES AND NET POSITION</b>		<b>\$ 2,894,088</b>	<b>\$ 10,295,132</b>	<b>\$ 43,142</b>	<b>\$ 51,470,705</b>	<b>\$ 473,476</b>	<b>\$ 14,868,548</b>	<b>\$ 28,387</b>	<b>\$ 16,292</b>	<b>\$ 6,411</b>	<b>\$ 1,470,785</b>	<b>\$ 744,563</b>	<b>\$ (230,835)</b>	<b>\$ 82,080,694</b>	<b>\$ 2,221,736</b>

**HOUSING AUTHORITY OF THE CITY OF TULSA  
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY  
YEAR ENDED DECEMBER 31, 2017**

Line Item #	Accounts Description	Business Activities	Central Office Cost Center	Community Dev Block Grant 14.218	Low Rent Public Hsng 14.850	Moderate Rehab 14.856	Section 8 Rental Assistance 14.195	HOME 14.239	HCAP 14.169	ROSS 14.870	Housing Choice Vouchers 14.871	Blended Component Unit	Elimination	Total	Discretely Presented Component Unit
<b>REVENUE</b>															
70300	Net tenant rental revenue	\$ -	\$ -	\$ -	\$ 2,640,821	\$ -	\$ 1,039,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,679,830	\$ 135,307
70400	Tenant revenue - other	-	-	-	452,962	-	-	-	-	-	-	-	-	452,962	-
70500	Total tenant revenue	-	-	-	3,093,783	-	1,039,009	-	-	-	-	-	-	4,132,792	135,307
70600	HUD PHA operating grants	-	-	87,769	11,715,542	732,452	3,641,975	-	30,986	192,214	31,983,553	-	-	48,384,491	59,558
70610	Capital grants	-	488,262	-	1,974,602	-	-	-	-	-	-	-	-	2,462,864	-
70710	Management fee	-	2,559,968	-	-	-	-	-	-	-	-	-	(2,559,968)	-	-
70720	Asset management fee	-	271,440	-	-	-	-	-	-	-	-	-	(271,440)	-	-
70730	Bookkeeping fee	-	642,240	-	-	-	-	-	-	-	-	-	(642,240)	-	-
70740	Front line service fee	-	1,472,235	-	-	-	-	-	-	-	-	-	(1,472,235)	-	-
70750	Other Fees	-	45,159	-	-	-	-	-	-	-	-	-	(45,159)	-	-
70800	Other government grants	-	67,407	-	85,734	-	-	-	-	-	-	-	-	153,141	-
71100	Investment income - unrestricted	90,895	59,325	-	120,979	-	30,657	-	-	-	2,948	4,880	(55,932)	253,752	-
71400	Fraud recovery	-	-	-	38,748	-	-	-	-	-	83,700	-	-	122,448	-
71500	Other revenue	9,012	737,606	-	110,075	-	1,470,108	-	-	-	239,175	19,214	(1,826,378)	758,812	10,457
71600	Gain or loss on sale of capital assets	-	5,431	-	-	-	-	-	-	-	-	-	-	5,431	-
72000	Investment income - restricted	-	-	-	-	5,948	1,461	150	-	-	-	-	-	7,559	729
	Total revenue	99,907	6,349,073	87,769	17,139,463	738,400	6,183,210	150	30,986	192,214	32,309,376	24,094	(6,873,352)	56,281,290	206,051
<b>EXPENSES</b>															
Administrative:															
91100	Administrative salaries	-	3,488,179	68,285	1,520,783	3,593	317,504	-	24,157	4,959	1,229,138	-	(600,994)	6,055,604	15,581
91200	Auditing fees	2,575	-	-	27,955	866	7,588	-	-	-	60,048	-	-	99,032	10,500
91300	Management fee	-	-	-	1,846,784	13,488	-	-	-	-	699,696	-	(2,559,968)	-	-
91310	Bookkeeping fee	-	-	-	196,458	8,431	-	-	-	-	437,310	-	(642,199)	-	-
91400	Advertising and marketing	-	-	-	-	-	672	-	-	-	-	-	-	672	-
91500	Employee benefit contributions - administrative	-	905,569	19,034	370,849	1,038	87,406	-	6,829	-	248,932	-	(189,465)	1,450,192	4,567
91600	Office expenses	47,304	1,010,300	450	472,753	4,362	259,166	-	-	-	194,004	23,779	(39,377)	1,972,741	46,389
91700	Legal expense	-	32,521	-	9,458	-	137	-	-	-	956	-	-	43,072	-
91800	Travel	-	6,348	-	-	52	-	-	-	-	9	-	-	6,409	-
91900	Other	1,367,695	-	-	-	-	356,648	-	-	-	-	-	(664,630)	1,059,713	-
	Total administrative	1,417,574	5,442,917	87,769	4,445,040	31,830	1,029,121	-	30,986	4,959	2,870,093	23,779	(4,696,633)	10,687,435	77,037
92000	Asset management fee	-	-	-	271,440	-	-	-	-	-	-	-	(271,440)	-	-
Tenant services:															
92100	Salaries	-	-	-	425,561	-	37,188	-	-	129,652	-	-	(70,805)	521,596	-
92300	Employee benefit contributions	-	-	-	102,841	-	21,941	-	-	43,050	-	-	(80,997)	86,835	-
92400	Other	-	-	-	52,019	-	11,049	-	-	14,553	-	-	-	77,621	-
	Total tenant services	-	-	-	580,421	-	70,178	-	-	187,255	-	-	(151,802)	686,052	-
Utilities:															
93100	Water	-	4,134	-	496,597	-	104,457	-	-	-	-	-	-	605,188	3,878
93200	Electricity	-	39,336	-	606,866	-	368,984	-	-	-	-	-	-	1,015,186	3,513
93300	Gas	-	15,749	-	257,857	-	52,955	-	-	-	-	-	-	326,561	408
93400	Fuel	-	-	-	60,333	-	-	-	-	-	-	-	-	60,333	-
93600	Sewer	-	-	-	814,076	-	195,580	-	-	-	-	-	-	1,009,656	-
93800	Other utilities expense	429	10,437	-	174,753	256	25,346	-	-	-	11,162	-	-	222,383	5,082
	Total utilities	429	69,656	-	2,410,482	256	747,322	-	-	-	11,162	-	-	3,239,307	12,881
Ordinary maintenance & operations:															
94100	Labor	-	628,128	-	2,121,425	-	663,620	-	-	-	-	-	(128,834)	3,284,339	13,873
94200	Materials and other	-	191,781	-	1,060,675	79	156,097	-	-	-	19,050	-	-	1,427,682	20,434
94300	Contracts	2,820	285,702	-	2,761,179	200	354,422	-	-	-	12,579	315	(1,142,533)	2,274,684	32,391
94500	Employee benefits contribution	-	188,839	-	671,504	-	141,260	-	-	-	-	-	(15)	1,001,588	1,061
	Total ordinary maintenance & operations	2,820	1,294,450	-	6,614,783	279	1,315,399	-	-	-	31,629	315	(1,271,382)	7,988,293	67,759

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2017**

Line Item #	Accounts Description	Business Activities	Central Office Cost Center	Community Dev Block Grant 14.218	Low Rent Public Hsng 14.850	Moderate Rehab 14.856	Section 8 Rental Assistance 14.195	HOME 14.239	HCAP 14.169	ROSS 14.870	Housing Choice Vouchers 14.871	Blended Component Unit	Elimination	Total	Discretely Presented Component Unit
<b>EXPENSES (Continued)</b>															
Protective services:															
95100	Labor	\$ -	\$ -	\$ -	\$ 17,685	\$ -	\$ 4,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (17,683)	\$ 4,802	\$ -
95200	Other contract costs	-	-	-	701,325	-	301,518	-	-	-	-	-	(408,480)	594,363	3,512
95000	Total protective services	-	-	-	719,010	-	306,318	-	-	-	-	-	(426,163)	599,165	3,512
Insurance premiums:															
96110	Property insurance	-	21,072	-	418,685	-	29,519	-	-	-	-	-	-	469,276	-
96120	Liability insurance	-	42,459	-	117,886	184	67,737	-	-	-	8,756	-	-	237,022	20,617
96130	Workmen's compensation	-	85,563	-	67,211	-	13,664	-	-	-	15,700	-	-	182,138	1,585
96140	All other insurance	-	39,314	-	44,586	-	11,843	-	-	-	161	-	-	95,904	-
96100	Total insurance premiums	-	188,408	-	648,368	184	122,763	-	-	-	24,617	-	-	984,340	22,202
General expenses:															
96200	Other general expenses	-	462,941	-	858,018	1,028	-	-	-	-	49,074	-	-	1,371,061	-
96210	Compensated absences	-	(240,895)	-	(62,814)	31	(36,245)	-	-	-	(85,966)	-	-	(425,889)	-
96400	Bad debt - tenant rents	-	-	-	333,882	-	51,009	-	-	-	-	-	-	384,891	3,710
	Total general expenses	-	222,046	-	1,129,086	1,059	14,764	-	-	-	(36,892)	-	-	1,330,063	3,710
96710	Interest of mortgage or bonds payable	-	-	-	-	-	356,448	-	-	-	-	-	(55,932)	300,516	87,357
96700	Total interest expense	-	-	-	-	-	356,448	-	-	-	-	-	(55,932)	300,516	87,357
	Total operating expenses	1,420,823	7,217,477	87,769	16,818,630	33,608	3,962,313	-	30,986	192,214	2,900,609	24,094	(6,873,352)	25,815,171	274,458
	Excess of operating revenue over operating expenses	(1,320,916)	(868,404)	-	320,833	704,792	2,220,897	150	-	-	29,408,767	-	-	30,466,119	(68,407)
97200	Casualty losses - non capitalized	-	-	-	9,055	-	-	-	-	-	-	-	-	9,055	-
97300	Housing assistance payments	-	-	-	-	639,579	-	-	-	-	28,742,929	-	-	29,382,508	-
97350	HAP portability - in	-	-	-	-	-	-	-	-	-	139,767	-	-	139,767	-
97400	Depreciation expense	1,949	375,135	-	5,311,763	165	1,024,503	-	-	-	6,774	-	-	6,720,289	129,874
	Total expenses	1,422,772	7,592,612	87,769	22,139,448	673,352	4,986,816	-	30,986	192,214	31,790,079	24,094	(6,873,352)	62,066,790	404,332
Other financing sources (uses):															
10093	Transfers between program and project - In	-	-	-	876,043	28,494	-	-	-	-	1	-	-	904,538	-
10094	Transfers between program and project - Out	-	(376,153)	-	(500,000)	(28,385)	-	-	-	-	-	-	-	(904,538)	-
	Total other financing sources (uses)	-	(376,153)	-	376,043	109	-	-	-	-	1	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES</b>															
		\$ (1,322,865)	\$ (1,619,692)	\$ -	\$ (4,623,942)	\$ 65,157	\$ 1,196,394	\$ 150	\$ -	\$ -	\$ 519,298	\$ -	\$ -	\$ (5,785,500)	\$ (198,281)
<b>Memo Account Information</b>															
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,712	\$ -
11030	Beginning equity	4,208,252	9,838,910	-	53,804,969	389,100	7,978,899	26,587	-	-	421,775	717,525	-	77,386,017	474,692
11040	Prior period adjustments, equity transfers and correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-	-	-	-	244,969	-	-	244,969	-
11180	Housing assistance payments equity	-	-	-	-	-	-	-	-	-	696,104	-	-	696,104	-
11190	Unit months available	-	-	-	29,824	1,272	7,380	-	-	-	58,308	-	-	96,784	-
11210	Unit months leased	-	-	-	28,992	1,124	7,217	-	-	-	59,076	-	-	96,409	-

**SINGLE AUDIT REPORT**



**INDEPENDENT AUDITORS' 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 Tulsa  
Tulsa, Oklahoma

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 and the discretely presented component units of the Housing Authority of the City of Tulsa (the Authority), which comprise the statement of net position as of December 31, 2017, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2018. The financial statements of the discretely presented component unit was not audited in accordance with *Government Auditing Standards*.

**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 opinions 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.

*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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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 result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 26, 2018



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

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

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

We have audited the Housing Authority of the City of Tulsa (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2017. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

**Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2017-001 & 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 & 2017-002, which we consider to be a significant deficiency.

The Authority's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Board of Commissioners  
Housing Authority of the City of Tulsa

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 26, 2018

**HOUSING AUTHORITY OF THE CITY OF TULSA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2017**

Federal Grantor/Pass through Grantor/ Program or Cluster Type	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Department of Housing and Urban Development Direct Programs</b>				
Housing Choice Voucher Program	14.871	-	-	\$ 31,790,079
Public and Indian Housing	14.850	-	-	11,001,801
Public Housing Capital Fund	14.872	-	-	3,176,605
Section 8 Project Based Cluster:				-
Section 8 Housing Assistance Payments	14.195	-	-	3,641,975
Section 8 Moderate Rehabilitation	14.856	-	-	673,352
Total Section 8 Project Based Cluster				<u>4,315,327</u>
Resident Opportunity and Supportive Services	14.870	-	-	192,214
Housing Counseling Program	14.169			30,986
HOME Investment Partnership Program	14.239	-	-	-
Community Development Block Grant	14.218	-	-	87,769
Total Department of Housing and Urban Development				<u>50,594,781</u>
Total Expenditures of Federal Awards				<u><u>\$ 50,594,781</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF THE CITY OF TULSA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2017**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of the Authority under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of 2 CFR 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 position, or cash flows of the Authority.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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 3 SUB-RECIPIENTS**

The Authority provided no federal awards to sub-recipients during the fiscal year ended December 31, 2017.

**NOTE 4 NONCASH FEDERAL ASSISTANCE**

The Authority did not receive any noncash federal assistance for the year ended December 31, 2017.

The Authority has no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended December 31, 2017.

**NOTE 5 INDIRECT COST RATE**

The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2017**

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***Section I – Summary of Auditors’ Results***

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**Financial Statements**

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
  - Significant deficiency(ies) identified?   X   yes      \_\_\_\_\_ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes      \_\_\_\_\_ no

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
14.850	Low Rent Public Housing
14.872	Capital Fund Program

- Dollar threshold used to distinguish between Type A and Type B programs: \$   1,517,843
- Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

**HOUSING AUTHORITY OF THE CITY OF TULSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2017**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**Finding 2017-001**

<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Federal Program Title:</b>	<b>Public and Indian Housing, CFDA</b>
<b>CFDA Number:</b>	<b>14.850</b>
<b>Award Period:</b>	<b>1/1/2017-12/31/2017</b>
<b>Type of Finding:</b>	<b>Significant Deficiency</b>

**Condition:** During our testing we noted instances where the Authority did not follow the internal controls in place to ensure compliance with their ACOP.

**Criteria:** The Authority's ACOP states that an applicant determined to be eligible will be notified in writing of this decision. The Authority's ACOP states that all applications will be date stamped and processed in chronological order.

**Questioned Costs:** Unknown

**Context:** One of 25 files tested did not have a letter to the tenant notifying their name had reached the top of the list. One of 25 files tested had a "pull" date that was before the application date.

**Cause:** The Authority did not follow their stated policies.

**Effect:** The Authority is not in compliance with their ACOP.

**Repeat Finding:** No

**Recommendation:** We recommend that management review their procedures for selecting tenants from the waitlist to ensure controls over compliance are operating effectively.

**Views of Response Officials:** There is no disagreement with the audit finding.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2017**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**Finding 2017-002**

<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Federal Program Title:</b>	<b>Public and Indian Housing, CFDA</b>
<b>CFDA Number:</b>	<b>14.850</b>
<b>Award Period:</b>	<b>1/1/2017-12/31/2017</b>
<b>Type of Finding:</b>	<b>Significant Deficiency in Internal Control over Compliance</b>

**Condition:** During our testing we noted instances where the Authority did not follow the internal controls in place to ensure compliance Eligibility requirements.

**Criteria:** 24 CFR Section 960.259 states that for both family income examinations and reexaminations, obtain and document in the family file third-party verification of: (1) reported family annual income; (2) the value of assets; (3) expenses related to deductions from annual income; and (4) other factors that affect the determination of adjusted income or income-based rent. Per THA's ACOP, documentation for eligibility should include a summary of the pertinent contents (public housing worksheet) which is to be signed and dated by the staff member who examined the verification (pg 20).

**Questioned Costs:** Unknown

**Content:** Testing of tenant files found exceptions with four of 40 files as noted below:

- One out of 40 files reported income incorrectly which also lead to the incorrect calculation of the tenant rent.
- Two out of 40 files did not have the public housing worksheet signed and dated.
- One of 40 files could not be tested, as THA staff could not locate the file.

**Cause:** The Authority did not sufficiently monitor controls to ensure compliance with the requirements.

**Effect:** The Authority is not providing accurate data to HUD to ensure the proper accounting of tenant information and the Authority is not in compliance with HUD regulations.

**Repeat Finding:** Yes

**Recommendation:** We recommend that management review their procedures for retrieving tenant information and establish a method that ensures compliance.

**Views of Response Officials:** There is no disagreement with the audit finding.

**HOUSING AUTHORITY OF THE CITY OF TULSA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2017**

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***Section IV – Prior Year Findings***

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<b>Finding 2016-001</b>	<b>Public and Indian Housing, CFDA #14.850</b>
<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Compliance Requirement:</b>	<b>Eligibility</b>
<b>Type of Finding:</b>	<b>Noncompliance, Significant Deficiency</b>

**Condition:** Testing of 25 Public Housing tenant files for eligibility purposes identified exceptions in two files for which included the following:

- Two files had incorrectly documented income on the HUD-50058

**Status:** See current year finding 2017-002

**HOUSING AUTHORITY OF THE CITY OF TULSA  
CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2017**

U.S. Department of Housing and Urban Development

Housing Authority of the City of Tulsa respectfully submits the following corrective action plan for the year ended December 31, 2017.

Audit period: January 1, 2017 – December 31, 2017

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS—SINGLE AUDIT FINDINGS**

2017-001      *Public and Indian Housing – CFDA #14.850*

*Recommendation:* We recommend that management review their procedures for selecting tenants from the waitlist to ensure controls over compliance are operating effectively.

*Explanation of disagreement with audit finding:* There is no disagreement with the audit finding.

*Action taken in response to finding:* The Management Analyst conducts file reviews each month to identify and correct any deficiencies noted. In addition, two District Managers will perform quality control reviews and file audits of properties within their respective portfolios. Also, THA is in the process of revising its ACOP and will provide training to property management staff by the end of the calendar year. The training will ensure that all property management staff understand how to properly follow wait list procedures and accurately process admissions to agency housing programs, as well as complete correct tenant rent calculations.

*Name(s) of the contact person(s) responsible for corrective action:* Arthur Waller, Senior Vice President of Affordable Housing (918-581-5744)

*Planned completion date for corrective action plan:* October 31, 2018

2017-002      *Public and Indian Housing – CFDA #14.850*

*Recommendation:* We recommend that management review their procedures for retrieving tenant information and establish a method that ensures compliance.

*Explanation of disagreement with audit finding:* There is no disagreement with the audit finding.

*Action taken in response to finding:* THA continues to review and update its processes for ensuring compliance with HUD regulations and agency procedures. In the second quarter of 2017, two new positions, Director of Operations and Management Analyst, were established to review existing operations procedures and to provide monitoring and oversight of staff work performance. Internal, periodic training sessions and testing on rent calculations have been established as well as formalized training from industry leaders NAHRO and Nan McKay & Associates have been provided to current staff.

*Name(s) of the contact person(s) responsible for corrective action:* Arthur Waller, Senior Vice President of Affordable Housing (918-581-5744)

*Planned completion date for corrective action plan:* October 31, 2018