

HOUSING AUTHORITY OF THE CITY OF TULSA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2018

**HOUSING AUTHORITY OF THE CITY OF TULSA
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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, 2018, 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. 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, 2018, 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 financial data schedules and the schedule of expenditures of federal awards are the responsibility of management and were 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 financial data schedules and the schedule of expenditures of federal awards are 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 27, 2019, 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 27, 2019

**HOUSING AUTHORITY OF THE CITY OF TULSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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, 2018. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased by \$8,938,126 or 12.48% during the year ended December 31, 2018 from \$71,600,517 at December 31, 2017 to \$62,662,391 at December 31, 2018.
- Total operating revenues increased by \$820,321 or 1.53% for the year ended December 31, 2018 from \$53,551,684 for the year ended December 31, 2017 to \$54,372,005 for the year ended December 31, 2018.
- Total operating expenses of the Authority increased by \$4,002,652 or 6.48% for the year ended December 31, 2018 from \$61,766,274 for the year ended December 31, 2017 to \$66,768,926 for the year ended December 31, 2018.
- Total nonoperating revenues (expenses), including capital grants, increased by \$29,705 or 1.22% for the year ended December 31, 2018 from \$2,429,090 for the year ended December 31, 2017 to \$2,458,795 for the year ended December 31, 2018.

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 on page 14.

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, 2018**

STATEMENT OF NET POSITION

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

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Total Change</u>	<u>% Change</u>
Cash and Cash Equivalents	\$ 2,205,018	\$ 2,069,325	\$ 135,693	6.56%
Investments	18,359,172	23,637,255	(5,278,083)	-22.33%
Other Assets	2,900,035	2,414,899	485,136	20.09%
Capital Assets	49,715,478	53,959,215	(4,243,737)	-7.86%
Total Assets	<u>73,179,703</u>	<u>82,080,694</u>	<u>(8,900,991)</u>	<u>-10.84%</u>
Current Liabilities	4,547,817	4,668,208	(120,391)	-2.58%
Other Noncurrent Liabilities	1,302,056	1,237,596	64,460	5.21%
Long-Term Debt	4,667,439	4,574,373	93,066	2.03%
Total Liabilities	<u>10,517,312</u>	<u>10,480,177</u>	<u>37,135</u>	<u>0.35%</u>
Net Position:				
Net Investment in Capital Assets	44,882,850	48,973,431	(4,090,581)	-8.35%
Restricted	2,084,357	2,308,209	(223,852)	-9.70%
Unrestricted	15,695,184	20,318,877	(4,623,693)	-22.76%
Total Net Position	<u>62,662,391</u>	<u>71,600,517</u>	<u>(8,938,126)</u>	<u>-12.48%</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 73,179,703</u>	<u>\$ 82,080,694</u>	<u>\$ (8,900,991)</u>	<u>-10.84%</u>

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

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Investments decreased by \$5,278,083 primarily due to paying for security cameras, increase in employee's 401K and increases in maintenance and security.

Capital assets decreased by \$4,243,737. The decrease is primarily due to an increase in accumulated depreciation of \$5,955,430 while additions to capital assets only increased by \$2,529,897. The capital asset decrease primarily impacts the Public Housing program.

The decrease in net investment in capital assets is primarily due to change in accumulated depreciation and current year repayments on long term debt.

The decrease in unrestricted net position of \$4,623,693 is primarily due to security system installation, increase in site wide security details, implementation of new benefit package and preparing properties for RAD conversion.

**HOUSING AUTHORITY OF THE CITY OF TULSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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.

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Total Change</u>	<u>% Change</u>
Revenues:				
Operating Grants and Subsidies	\$ 48,264,521	\$ 48,537,632	\$ (273,111)	-0.56%
Tenant Rental and Other Operating	4,335,229	4,132,792	202,437	4.90%
Other	1,772,255	881,260	890,995	101.10%
Total Operating Revenues	<u>54,372,005</u>	<u>53,551,684</u>	820,321	1.53%
Expenses:				
Administrative and General	14,173,164	13,010,893	1,162,271	8.93%
Tenant Services	992,796	686,052	306,744	44.71%
Utilities	4,025,268	3,239,307	785,961	24.26%
Maintenance	11,393,264	7,988,293	3,404,971	42.62%
Protective Services	1,536,236	599,165	937,071	156.40%
Housing Assistance Payments	27,692,768	29,522,275	(1,829,507)	-6.20%
Depreciation	5,955,430	6,720,289	(764,859)	-11.38%
Total Operating Expenses	<u>65,768,926</u>	<u>61,766,274</u>	4,002,652	6.48%
Nonoperating Revenues (Expenses):				
Capital Grants and Contributions	2,397,725	2,462,864	(65,139)	-2.64%
Interest Income	318,795	261,311	57,484	22.00%
Gain on Sale of Fixed Asset	648	5,431	(4,783)	-88.07%
Extraordinary Maintenance	(118)	-	(118)	0.00%
Interest Expense	(258,255)	(300,516)	42,261	14.06%
Total Nonoperating Revenues	<u>2,458,795</u>	<u>2,429,090</u>	29,705	1.22%
Change in Net Position	<u>\$ (8,938,126)</u>	<u>\$ (5,785,500)</u>	(3,152,626)	54.49%

**HOUSING AUTHORITY OF THE CITY OF TULSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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

Other Income increased by approximately \$890,995, due to negative leave expense, a donation for Envision Comanche, an increase in port-in revenue and contract increases to rooftop leases.

Administrative and General expense increased by \$1,162,271, primarily due to the implementation of a new benefit plan, additional executive staffing and consulting work to prepare for RAD.

Maintenance expense increased by \$3,404,971 due to security camera installation at multiple properties, a new contract with the Tulsa County Sheriff's office to provide security to properties, implementation of a new benefit plan and preparation for RAD conversions.

Housing Assistance Payments (HAP) expense decreased by \$1,829,507 primarily due to a decrease in unit months leased during FY18.

Protective services expense increased by \$937,071 primarily due to a new contract with the Sheriff's Office for police patrol over THA's properties.

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 \$49,715,478 invested (net) in a variety of capital assets as reflected in the following schedule, which represents a net decrease of \$4,243,737 from the end of last year.

	<u>12/31/2018</u>	<u>12/31/2017</u>
Land, Construction in Progress, Buildings, and Improvements	\$ 160,313,369	\$ 158,611,965
Furniture and Equipment	<u>12,048,560</u>	<u>12,048,560</u>
Total Cost of Assets	172,361,929	170,660,525
Accumulated Depreciation	<u>(122,646,451)</u>	<u>(116,701,310)</u>
Net	<u>\$ 49,715,478</u>	<u>\$ 53,959,215</u>

CHANGE IN CAPITAL ASSETS

The following summarizes the changes in capital assets:

Balance - Beginning of Year	\$ 53,959,215
Additions to Capital Assets	2,529,897
Disposal of Capital Assets, Net	(818,204)
Depreciation	<u>(5,955,430)</u>
Balance - End of Year	<u>\$ 49,715,478</u>

**HOUSING AUTHORITY OF THE CITY OF TULSA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

DEBT OUTSTANDING

As of December 31, 2018, outstanding debt was \$4,832,628 compared to \$4,985,784, at December 31, 2017. This represents a decrease of \$153,156, and is attributable to current year principal payments on the debt.

	Balance 12/31/2017	Increase	Decrease	Balance 12/31/2018	Current Portion
Inhofe Plaza Debt	<u>\$ 4,985,784</u>	<u>\$ -</u>	<u>\$ (153,156)</u>	<u>\$ 4,832,628</u>	<u>\$ 165,189</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, 2018**

	Business-Type Activities
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents - Unrestricted	\$ 1,333,940
Cash and Cash Equivalents - Restricted	871,078
Investments - Restricted	1,897,759
Investments - Unrestricted	8,130,432
Accounts Receivable, Net	1,340,729
Prepaid Expenses	262,290
Inventories, Net	82,512
Assets Held for Sale	130,000
Total Current Assets	14,048,740
NONCURRENT ASSETS	
Notes Receivable	970,001
Long-Term Investments - Unrestricted	8,330,981
Capital Assets, Net	49,715,478
Other Assets	114,503
Total Noncurrent Assets	59,130,963
Total Assets	\$ 73,179,703
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	\$ 1,146,966
Accounts Payable - HUD	211,730
Accrued Liabilities	2,396,181
Accrued Compensated Absences, Current Portion	145,276
Unearned Revenue	75,818
Long-Term Debt, Current Portion	165,189
Tenant Security Deposits	339,665
Current Liabilities - Other	66,992
Total Current Liabilities	4,547,817
NONCURRENT LIABILITIES	
Long-Term Debt, Less Current Portion	4,667,439
Accrued Compensated Absences, Less Current Portion	1,036,653
Noncurrent Liabilities - Other	265,403
Total Noncurrent Liabilities	5,969,495
Total Liabilities	10,517,312
NET POSITION	
Net Investment in Capital Assets	44,882,850
Restricted Net Position	2,084,357
Unrestricted Net Position	15,695,184
Total Net Position	62,662,391
Total Liabilities and Net Position	\$ 73,179,703

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2018**

	<u>Discretely Presented Component Unit</u>
ASSETS	
Cash and Cash Equivalents - Unrestricted	\$ 256,072
Cash and Cash Equivalents - Restricted	290,304
Accounts Receivable, Net	21,197
Prepaid Expenses	15,017
Capital Assets, Net	<u>1,486,017</u>
Total Assets	<u><u>\$ 2,068,607</u></u>
LIABILITIES	
Accounts Payable	\$ 30,760
Accrued Liabilities	912,981
Tenant Security Deposits	6,648
Long-Term Debt, Less Current Portion	<u>1,087,001</u>
Total Liabilities	<u>2,037,390</u>
PARTNERS' CAPITAL	<u>31,217</u>
Total Liabilities and Partners' Capital	<u><u>\$ 2,068,607</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2018**

	Business-Type Activities
OPERATING REVENUES	
Dwelling Rent	\$ 4,335,229
Governmental Grants and Subsidy	48,264,521
Other Income	1,772,255
Total Operating Revenues	54,372,005
OPERATING EXPENSES	
Administrative	11,045,714
Tenant Services	992,796
Utilities	4,025,268
Maintenance and Operations	11,393,264
Protective Services	1,536,236
General Expense	3,127,450
Housing Assistance Payments	27,692,768
Depreciation	5,955,430
Total Operating Expenses	65,768,926
NET OPERATING LOSS	(11,396,921)
NONOPERATING REVENUES (EXPENSES)	
Investment Income	318,795
Gain on Sale of Fixed Assets	648
Extraordinary Maintenance	(118)
Interest Expense	(258,255)
Total Nonoperating Revenues (Expenses)	61,070
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(11,335,851)
CAPITAL CONTRIBUTIONS	2,397,725
DECREASE IN NET POSITION	(8,938,126)
Net Position - Beginning of Year	71,600,517
NET POSITION - END OF YEAR	\$ 62,662,391

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, 2018**

	<u>Discretely Presented Component Unit</u>
REVENUE	
Dwelling Rent	\$ 121,771
Governmental Grants and Subsidy	57,326
Other Income	5,973
Total Revenue	<u>185,070</u>
OPERATING EXPENSES	
Administrative	70,660
Utilities	18,831
Maintenance and Operations	84,042
General Expense	36,948
Depreciation	129,874
Total Operating Expenses	<u>340,355</u>
NET OPERATING LOSS	(155,285)
OTHER INCOME AND (EXPENSES)	
Investment Income	1,668
Interest Expense	<u>(91,577)</u>
Net Other Income and (Expense)	<u>(89,909)</u>
NET LOSS	(245,194)
Balance - January 1, 2018	<u>276,411</u>
BALANCE - DECEMBER 31, 2018	<u><u>\$ 31,217</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 3,340,460
Governmental Grants and Subsidiary - Operations	48,264,521
Cash Received from Other Sources	1,778,160
Payments to Suppliers for Operations	(4,364,650)
Payments for Housing Operations and Tenant Services	(12,987,769)
Housing Assistance Payments	(27,692,768)
Payments to Employees	(14,074,290)
Net Cash Used by Operating Activities	<u>(5,736,336)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Decrease in Investments	5,278,083
Interest Received	318,795
Net Cash Provided by Investing Activities	<u>5,596,878</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Grants	2,397,725
Acquisition of Capital Assets	(2,529,897)
Disposal of Capital Assets	818,852
Repayment of Long-Term Debt	(153,156)
Extraordinary Maintenance	(118)
Payment of Interest	(258,255)
Net Cash Provided by Capital and Related Financing Activities	<u>275,151</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

135,693

Cash and Cash Equivalents - Beginning of Year

2,069,325

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,205,018

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

Operating Loss from Operations	\$ (11,396,921)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	5,955,430
Bad Debt Expense	380,453
Effects of Changes in Operating Assets and Liabilities:	
Accounts Receivable	(1,037,087)
Prepaid Expenses	226,819
Inventory	(61,226)
Due from Affiliate	5,905
Accounts Payable	967,454
Accrued Liabilities	45,012
Unearned Revenue	(324,865)
Compensated Absences	5,243
Tenant Security Deposits	(13,270)
Other Current Liabilities	(489,283)
Net Cash Used by Operating Activities	<u><u>\$ (5,736,336)</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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.

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.

Reporting Entity - Blended Component Units

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 for 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.

HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity - Blended Component Units (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 \$39,239,000 million at December 31, 2018 and the public housing operating subsidies received of \$914,807 for year-end December 31, 2018 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 (IRC).

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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.

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, 2018.

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

HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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.

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 IRC, 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 nonexchange revenue received before the resources are required to be used.

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2018 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, 2018 are as follows:

Checking/Savings Accounts	\$ 1,676,937
Money Market Accounts	528,081
Certificates of Deposit	1,084,654
Federal Agency Bond/Note	16,309,451
U.S. Treasury Notes	965,067
Total Cash and Cash Equivalents and Investments	<u>\$ 20,564,190</u>

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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, 2018.

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, 2018, the Authority had investments in agency securities that were rated AAA and AAAM.

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, 2018, the maturities of the Authority's investments, including restricted, are as follows:

	Carrying Amounts	Investment Maturities (In Years)	
		Less than 1	1-5
Certificates of Deposit and Other Time Deposits (Classified as Investments)	\$ 1,084,654	\$ 199,353	\$ 885,301
U.S. Agency Securities	16,309,451	8,863,771	7,445,680
U.S. Treasury Notes	965,067	965,067	-
Total	<u>\$ 18,359,172</u>	<u>\$ 10,028,191</u>	<u>\$ 8,330,981</u>

Restricted cash and investments consist of the following at December 31, 2018:

Family Self Sufficiency	332,395
Housing Choice Voucher Program Reserves	51,135
Tenant Security Deposits	356,870
Other Miscellaneous Restriction	1,063,370
Total	<u>\$ 2,768,837</u>

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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, 2018, fair value of investments are as follows:

	12/31/2018	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)
Investments by Fair Value Level:				
Certificate of Deposit	\$ 1,084,654	\$ 1,084,654	\$ -	\$ -
Federal Home Loan Mortgage Corporation	2,892,286	-	2,892,286	-
Federal Farm Credit Bank	1,717,967	-	1,717,967	-
Federal Home Loan Bank	3,558,009	-	3,558,009	-
Federal National Mortgage Association	8,141,189	-	8,141,189	-
U.S. Treasury Notes	965,067	965,067	-	-
Total Investments by Fair Value Level	<u>\$ 18,359,172</u>	<u>\$ 2,049,721</u>	<u>\$ 16,309,451</u>	<u>\$ -</u>

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, 2018, the Authority's HUD-Held Reserve totaled approximately \$3,120,581. 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.

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018:

Accounts Receivable	
Accounts Receivable - HUD:	
Low Rent Public Housing	\$ 414,037
ROSS	13,339
Choice Neighborhood	251,171
COCC	265,816
Accounts Receivable - Other Governmental Entities	123,966
Accounts Receivable - Tenants, Net of Allowance of \$56,000	104,715
Fraud Recovery, Net of Allowance of \$429,776	31,394
Accounts Receivable - Miscellaneous	68,927
Accrued Interest Receivable	67,364
Total	\$ 1,340,729

NOTE 5 NOTES RECEIVABLE

Notes receivable at December 31, 2018 consisted of the following:

Notes Receivable					
Program Due To	Description	Loan Date	Interest Rate	Due Date	Balance at 12/31/2018
	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

HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018:

The Authority

	12/31/17	Additions	Disposals	Transfers	12/31/18
Land (Not Depreciated)	\$ 24,537,233	\$ -	\$ -	\$ 33,081	\$ 24,570,314
Construction in Progress (Not Depreciated)	793,390	853,916	(793,390)	-	853,916
Buildings and Improvements	133,281,342	1,675,981	(35,103)	(33,081)	134,889,139
Furniture and Equipment	12,048,560	-	-	-	12,048,560
Total Depreciable Assets	145,329,902	1,675,981	(35,103)	(33,081)	146,937,699
Less: Accumulated Depreciation	(116,701,310)	(5,955,430)	10,289	-	(122,646,451)
Net Property and Equipment	<u>\$ 53,959,215</u>	<u>\$ (3,425,533)</u>	<u>\$ (818,204)</u>	<u>\$ -</u>	<u>\$ 49,715,478</u>

Nogales LP

	12/31/17	Additions	Disposals	Transfers	12/31/18
Land (Not Depreciated)	\$ 458,573	\$ -	\$ -	\$ 4,674	\$ 463,247
Buildings and Improvements	2,748,723	-	-	(4,674)	2,744,049
Furniture and Equipment	35,127	-	-	-	35,127
Total Depreciable Assets	2,783,850	-	-	(4,674)	2,779,176
Less: Accumulated Depreciation	(1,626,532)	(129,874)	-	-	(1,756,406)
Net Property and Equipment	<u>\$ 1,615,891</u>	<u>\$ (129,874)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,486,017</u>

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 \$5,085,361. 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, 2018 was \$4,832,628.

Activity in debt is as follows for the year ended December 31, 2018:

Balance, Beginning of Year	\$ 4,985,784
Principal Repayments	(153,156)
Total	<u>\$ 4,832,628</u>

HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 7 LONG-TERM DEBT (CONTINUED)

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, 2018 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.

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.

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Future Maturities Schedule

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

	Inhofe		Nogales LP		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 165,189	\$ 246,222	\$ -	\$ -	\$ 165,189	\$ 246,222
2020	4,667,439	80,147	-	-	4,667,439	80,147
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024-2028	-	-	-	-	-	-
2029-2033	-	-	-	-	-	-
2034-2035	-	-	1,087,001	-	1,087,001	-
Total	<u>\$ 4,832,628</u>	<u>\$ 326,369</u>	<u>\$ 1,087,001</u>	<u>\$ -</u>	<u>\$ 5,919,629</u>	<u>\$ 326,369</u>

NOTE 8 OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities and their activities consist of the following:

	Balance			Balance 12/31/2018	Current Portion of Balance
	12/31/2017	Increases	Decreases		
Compensated Absences	\$ 1,176,686	\$ 26,268	\$ (21,025)	\$ 1,181,929	\$ 145,276
FSS Escrow Liabilities	381,295	176,892	(225,792)	332,395	97,589
Total	<u>\$ 1,557,981</u>	<u>\$ 203,160</u>	<u>\$ (246,817)</u>	<u>\$ 1,514,324</u>	<u>\$ 242,865</u>

NOTE 9 RETIREMENT PLAN

GASB Statement No. 45 *Accounting and Financial Reporting for Past Employment Benefits Other Than Pensions* became effective in the year ended June 30, 2010 for the Authority. The Authority has no benefit plans as contemplated by GASB Statement No. 45.

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 automatically makes a contribution of 11% for each employee, unless the employee chose to be grandfathered into the old plan. In that case, 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, 2018 totaled approximately \$373,019 and \$658,316, respectively.

HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 11 BLENDED COMPONENT UNIT FINANCIAL INFORMATION (CONTINUED)

Combining Schedule of Net Position

	Authority	Housing Partners of Tulsa, Inc.	Nogales Realty	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,379,194	\$ 268,191	\$ 557,633	\$ 2,205,018
Investments	10,028,191	-	-	10,028,191
Accounts Receivable, Net	1,316,756	21,318	2,655	1,340,729
Prepaid Expenses	262,290	-	-	262,290
Inventories, Net	82,512	-	-	82,512
Assets Held for Sale	130,000	-	-	130,000
Interprogram	(815)	-	815	-
Total Current Assets	<u>13,198,128</u>	<u>289,509</u>	<u>561,103</u>	<u>14,048,740</u>
NONCURRENT ASSETS				
Notes Receivable	970,001	-	-	970,001
Long-Term Investments - Unrestricted	8,330,981	-	-	8,330,981
Capital Assets, Net	49,708,978	6,500	-	49,715,478
Other Assets	-	-	114,503	114,503
Total Noncurrent Assets	<u>59,009,960</u>	<u>6,500</u>	<u>114,503</u>	<u>59,130,963</u>
Total Assets	<u>\$ 72,208,088</u>	<u>\$ 296,009</u>	<u>\$ 675,606</u>	<u>\$ 73,179,703</u>
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 1,355,448	\$ 3,248	\$ -	\$ 1,358,696
Accrued Liabilities	2,396,181	-	-	2,396,181
Accrued Compensated Absences, Current Portion	145,276	-	-	145,276
Unearned Revenues	75,818	-	-	75,818
Long-Term Debt, Current Portion	165,189	-	-	165,189
Tenant Security Deposits	339,665	-	-	339,665
Interprogram	(19,721)	16,399	3,322	-
Other Current Liabilities	66,992	-	-	66,992
Total Current Liabilities	<u>4,524,848</u>	<u>19,647</u>	<u>3,322</u>	<u>4,547,817</u>
OTHER NONCURRENT LIABILITIES				
Total Liabilities	<u>10,494,343</u>	<u>19,647</u>	<u>3,322</u>	<u>10,517,312</u>
NET POSITION				
Net Investment in Capital Assets	44,876,350	6,500	-	44,882,850
Restricted	2,084,357	-	-	2,084,357
Unrestricted	14,753,038	269,862	672,284	15,695,184
Total Net Position	<u>61,713,745</u>	<u>276,362</u>	<u>672,284</u>	<u>62,662,391</u>
Total Liabilities and Net Position	<u>\$ 72,208,088</u>	<u>\$ 296,009</u>	<u>\$ 675,606</u>	<u>\$ 73,179,703</u>

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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
OPERATING REVENUES				
Direct HUD Contributions and Grants:				
Public Housing Operating Subsidies	\$ 14,385,772	\$ -	\$ -	\$ 14,385,772
Section 8 Grants and Subsidies:				
Vouchers	28,757,145	-	-	28,757,145
Multifamily Rental Assistance	3,654,385	-	-	3,654,385
Moderate Rehabilitation	789,877	-	-	789,877
Other	396,664	-	-	396,664
Other Governmental Grants and Subsidies	259,575	21,103	-	280,678
Dwelling Rent	4,335,229	-	-	4,335,229
Other	1,540,005	232,250	-	1,772,255
Total Operating Revenues	<u>54,118,652</u>	<u>253,353</u>	<u>-</u>	<u>54,372,005</u>
OPERATING EXPENSES				
Housing Assistance Payments	27,692,768	-	-	27,692,768
Ordinary Maintenance and Operations	11,393,264	-	-	11,393,264
Administration	11,032,768	12,946	-	11,045,714
Utilities	4,025,268	-	-	4,025,268
Protective Services	1,536,236	-	-	1,536,236
Tenant Services	992,796	-	-	992,796
General Expenses	3,107,816	17,937	1,697	3,127,450
Depreciation	5,955,430	-	-	5,955,430
Total Operating Expenses	<u>65,736,346</u>	<u>30,883</u>	<u>1,697</u>	<u>65,768,926</u>
OPERATING INCOME (LOSS)	(11,617,694)	222,470	(1,697)	(11,396,921)
NONOPERATING REVENUES (EXPENSES)	<u>50,722</u>	<u>2,061</u>	<u>8,287</u>	<u>61,070</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(11,566,972)	224,531	6,590	(11,335,851)
Capital Grants and Contributions	<u>2,397,725</u>	<u>-</u>	<u>-</u>	<u>2,397,725</u>
CHANGE IN NET POSITION	(9,169,247)	224,531	6,590	(8,938,126)
Net Position - Beginning of Year	<u>70,882,992</u>	<u>51,831</u>	<u>665,694</u>	<u>71,600,517</u>
NET POSITION - END OF YEAR	<u>\$ 61,713,745</u>	<u>\$ 276,362</u>	<u>\$ 672,284</u>	<u>\$ 62,662,391</u>

**HOUSING AUTHORITY OF THE CITY OF TULSA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 11 BLENDED COMPONENT UNIT FINANCIAL INFORMATION (CONTINUED)

Combining Schedule of Cash Flows

	<u>Authority</u>	<u>Housing Partners of Tulsa, Inc.</u>	<u>Nogales Realty</u>	<u>Total</u>
Net Cash Provided (Used) by Operating Activities	\$ (6,492,168)	\$ 211,928	\$ 543,904	\$ (5,736,336)
Net Cash Provided (Used) by Investing Activities	5,595,711	438	729	5,596,878
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>275,151</u>	<u>-</u>	<u>-</u>	<u>275,151</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(621,306)	212,366	544,633	135,693
Cash and Cash Equivalents - Beginning of Year	<u>2,000,500</u>	<u>55,825</u>	<u>13,000</u>	<u>2,069,325</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,379,194</u></u>	<u><u>\$ 268,191</u></u>	<u><u>\$ 557,633</u></u>	<u><u>\$ 2,205,018</u></u>

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF TULSA
ENTITY-WIDE BALANCE SHEET SUMMARY
DECEMBER 31, 2018

Line Item #	Accounts Description	Business Activities	Central Office Cost Center	Community Dev Block Grant 14.218	Low Rent Public Hsg 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	Choice Neighborhood Implementation 14.889	Blended Component Unit	Elimination	Total	Discretely Presented Component Unit
ASSETS																
CURRENT ASSETS																
Cash:																
111	Unrestricted	\$ 78,178	\$ 21,384	\$ -	\$ 289,596	\$ 165,524	\$ 264,817	\$ -	\$ -	\$ -	\$ 241,834	\$ -	\$ 272,607	\$ -	\$ 1,333,940	\$ 256,072
113	Other Restricted	-	-	-	-	423,133	-	-	-	-	51,135	-	-	-	474,268	-
114	Tenant Security Deposits	-	-	-	236,932	-	119,938	-	-	-	-	-	-	-	356,870	-
115	Cash - Restricted for Payment of Current Liability	-	-	-	-	-	-	-	-	-	39,940	-	-	-	39,940	-
	Total Cash	78,178	21,384	-	526,528	588,657	384,755	-	-	-	332,909	-	272,607	-	2,205,018	256,072
Accounts and Notes Receivable:																
122	Accounts Receivable - HUD	-	265,816	-	414,037	-	-	-	-	13,339	-	251,171	-	-	944,363	-
124	Accounts Receivable - Other Government	-	-	39,965	-	-	-	61,075	1,823	-	-	-	21,103	-	123,966	-
125	Accounts Receivable - Miscellaneous	5,637	5,866	-	57,424	-	-	-	-	-	-	-	-	-	68,927	18,043
126	Accounts Receivable - Tenants Rents	-	-	-	127,085	-	33,630	-	-	-	-	-	-	-	160,715	11,450
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	(44,046)	-	(11,954)	-	-	-	-	-	-	-	(56,000)	(8,296)
128	Accounts Receivable - Fraud Recovery	-	-	-	8,974	-	-	-	-	-	452,196	-	-	-	461,170	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-	-	-	(429,776)	-	-	-	(429,776)	-
129	Accrued Interest Receivable	11,153	1,468	-	30,194	7,999	11,886	-	-	-	1,794	-	2,870	-	67,364	-
	Total Receivables, Net	16,790	273,150	39,965	593,668	7,999	33,562	61,075	1,823	13,339	24,214	251,171	23,973	-	1,340,729	21,197
131	Investments - Unrestricted	2,625,639	1,162,462	-	9,609,683	-	2,469,022	-	-	-	41,390	-	553,217	-	16,461,413	-
132	Investments - Restricted	-	-	-	-	232,774	1,360,101	-	-	-	304,884	-	-	-	1,897,759	290,304
142	Prepaid Expenses and Other Assets	-	80,453	-	126,895	-	22,910	-	-	-	32,032	-	-	-	262,290	15,017
143	Inventories	-	108,810	-	-	-	-	-	-	-	-	-	-	-	108,810	-
143.1	Allowance for Obsolete Inventories	-	(26,298)	-	-	-	-	-	-	-	-	-	-	-	(26,298)	-
144	Interprogram Due from	12,391	997,713	9,302	-	-	66,206	-	-	-	-	-	815	(1,086,427)	-	-
145	Assets Held for Sale	130,000	-	-	-	-	-	-	-	-	-	-	-	-	130,000	-
	Total Other Current Assets	2,768,030	2,323,140	9,302	9,736,578	232,774	3,918,239	-	-	-	378,306	-	554,032	(1,086,427)	18,833,974	305,321
	Total Current Assets	2,862,998	2,617,674	49,267	10,856,774	829,430	4,336,556	61,075	1,823	13,339	735,429	251,171	850,612	(1,086,427)	22,379,721	582,590
NONCURRENT ASSETS																
Capital Assets:																
161	Land	13,580	3,345,801	-	20,820,874	-	350,478	-	-	-	33,081	-	6,500	-	24,570,314	463,247
162	Buildings	468,590	5,519,017	-	104,684,404	16,919	24,200,209	-	-	-	-	-	-	-	134,889,139	2,744,049
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	(426,377)	(7,344,723)	-	(98,967,694)	(21,614)	(15,647,523)	-	-	-	(238,520)	-	-	-	(122,646,451)	(1,756,406)
167	Construction in Progress	-	99,720	-	690,906	94	59,300	-	-	-	3,896	-	-	-	853,916	-
	Total Capital Assets, Net	55,793	5,319,475	-	34,706,846	1,255	9,613,404	-	-	-	12,205	-	6,500	-	49,715,478	1,486,017
171	Notes Receivable - Noncurrent	-	970,001	-	-	-	-	-	-	-	-	-	-	-	970,001	-
178	Investment in Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	114,503	-	114,503	-
	Total Noncurrent Assets	55,793	6,289,476	-	34,706,846	1,255	9,613,404	-	-	-	12,205	-	121,003	-	50,799,982	1,486,017
	Total Assets	\$ 2,918,791	\$ 8,907,150	\$ 49,267	\$ 45,563,620	\$ 830,685	\$ 13,949,960	\$ 61,075	\$ 1,823	\$ 13,339	\$ 747,634	\$ 251,171	\$ 971,615	\$ (1,086,427)	\$ 73,179,703	\$ 2,068,607

HOUSING AUTHORITY OF THE CITY OF TULSA
ENTITY-WIDE BALANCE SHEET SUMMARY (CONTINUED)
DECEMBER 31, 2018

Line	Accounts Description	Business	Central Office	Community	Low Rent	Moderate	Section 8	HOME	HCAP	ROSS	Housing	Choice	Blended	Elimination	Total	Discretely
Item #		Activities	Cost	Dev Block	Public Hsing	Rehab	Rental				Choice	Neighborhood	Component			Presented
			Center	Grant 14.218	14.850	14.856	14.195	14.239	14.169	14.870	14.871	14.889	Unit			Component
LIABILITIES AND NET POSITION																
CURRENT LIABILITIES																
312	Accounts Payable < 90 Days	\$ -	\$ 312,088	\$ -	\$ 340,168	\$ 72	\$ 487,713	\$ -	\$ -	\$ 2,671	\$ 1,006	\$ -	\$ 3,248	\$ -	\$ 1,146,966	\$ 30,760
313	Accounts Payable > 90 Days Past Due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
321	Accrued Salaries/Payroll Withholding	-	81,737	-	102,474	121	72,268	-	-	636	34,973	-	-	-	292,209	-
322	Accrued Compensated Absences	-	-	-	122,072	-	-	-	-	-	23,204	-	-	-	145,276	-
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	906,122
331	Accounts Payable - HUD PHA Programs	-	-	-	-	173,330	-	-	-	-	38,400	-	-	-	211,730	-
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	-	-	-	236,941	-	102,724	-	-	-	-	-	-	-	339,665	6,648
342	Unearned Revenue	-	-	-	62,283	-	13,535	-	-	-	-	-	-	-	75,818	-
343	Current Portion of Long-Term Debt - Capital Projects	-	-	-	-	-	165,189	-	-	-	-	-	-	-	165,189	-
345	Other Current Liabilities	-	-	-	27,053	-	-	-	-	-	39,939	-	-	-	66,992	-
346	Accrued Liabilities - Other	2,575	1,187,964	-	912,824	-	-	-	-	609	-	-	-	-	2,103,972	6,859
347	Interprogram (Due to)	41,132	-	49,267	-	-	519,070	61,075	1,823	9,423	133,745	251,171	19,721	(1,086,427)	-	-
	Total Current Liabilities	43,707	1,581,789	49,267	1,803,815	173,523	1,360,499	61,075	1,823	13,339	271,267	251,171	22,969	(1,086,427)	4,547,817	950,389
NONCURRENT LIABILITIES																
351	Long-Term Debt, Net of Current - Capital Projects	-	-	-	-	-	4,667,439	-	-	-	-	-	-	-	4,667,439	1,087,001
353	Noncurrent Liabilities - Other	-	-	-	458	-	-	-	-	-	264,945	-	-	-	265,403	-
354	Accrued Compensated Absences - Long Term	-	467,556	-	426,230	-	-	-	-	-	142,867	-	-	-	1,036,653	-
	Total Noncurrent Liabilities	-	467,556	-	426,688	-	4,667,439	-	-	-	407,812	-	-	-	5,969,495	1,087,001
	Total Liabilities	43,707	2,049,345	49,267	2,230,503	173,523	6,027,938	61,075	1,823	13,339	679,079	251,171	22,969	(1,086,427)	10,517,312	2,037,390
400	Deferred Inflow of Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET POSITION																
508.4	Net Investment in Capital Assets	55,793	5,319,475	-	34,706,846	1,255	4,780,776	-	-	-	12,205	-	6,500	-	44,882,850	-
511.4	Restricted	-	-	-	-	655,907	1,377,315	-	-	-	51,135	-	-	-	2,084,357	-
512.4	Unrestricted	2,819,291	1,538,330	-	8,626,271	-	1,763,931	-	-	-	5,215	-	942,146	-	15,695,184	31,217
	Total Net Position	2,875,084	6,857,805	-	43,333,117	657,162	7,922,022	-	-	-	68,555	-	948,646	-	62,662,391	31,217
	Total Liabilities and Net Position	\$ 2,918,791	\$ 8,907,150	\$ 49,267	\$ 45,563,620	\$ 830,685	\$ 13,949,960	\$ 61,075	\$ 1,823	\$ 13,339	\$ 747,634	\$ 251,171	\$ 971,615	\$ (1,086,427)	\$ 73,179,703	\$ 2,068,607

**HOUSING AUTHORITY OF THE CITY OF TULSA
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY
YEAR ENDED DECEMBER 31, 2018**

Line		Business	Central Office	Community	Low Rent	Moderate	Section 8	HOME	HCAP	ROSS	Housing	Choice	Blended		Total	Discretely	
Item #	Accounts Description	Activities	Cost Center	Dev Block Grant 14.218	Public Hsng 14.850	Rehab 14.856	Rental Assistance 14.195	14.239	14.169	14.870	Choice Vouchers 14.871	Neighborhood Implementation 14.889	Component Unit	Elimination		Presented Component Unit	
REVENUE																	
70300	Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ 2,770,410	\$ -	\$ 1,111,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,881,541	\$ 121,771
70400	Tenant Revenue - Other	-	-	-	453,688	-	-	-	-	-	-	-	-	-	-	453,688	-
70500	Total Tenant Revenue	-	-	-	3,224,098	-	1,111,131	-	-	-	-	-	-	-	-	4,335,229	121,771
70600	HUD PHA Operating Grants	-	-	72,324	14,385,772	789,877	3,654,385	-	2,593	110,383	28,757,145	211,364	-	-	-	47,983,843	-
70610	Capital Grants	-	773,936	-	1,623,789	-	-	-	-	-	-	-	-	-	-	2,397,725	-
70710	Management Fee	-	2,633,986	-	-	-	-	-	-	-	-	-	-	(2,633,986)	-	-	-
70720	Asset Management Fee	-	271,440	-	-	-	-	-	-	-	-	-	-	(271,440)	-	-	-
70730	Bookkeeping Fee	-	588,100	-	-	-	-	-	-	-	-	-	-	(588,100)	-	-	-
70740	Front Line Service Fee	-	1,663,265	-	-	-	-	-	-	-	-	-	-	(1,663,265)	-	-	-
70750	Other Fees	-	45,740	-	-	-	-	-	-	-	-	-	-	(45,740)	-	-	-
70800	Other Government Grants	-	61,951	27,500	29,279	-	-	140,845	-	-	-	-	21,103	-	280,678	57,326	
71100	Investment Income - Unrestricted	43,036	36,560	-	173,926	97	67,240	-	-	-	20,586	-	10,348	(36,560)	315,233	-	
71400	Fraud Recovery	-	-	-	332,630	-	-	-	-	-	115,588	-	-	-	448,218	-	
71500	Other Revenue	797	445,958	-	253,589	-	98,234	-	-	-	293,209	-	232,250	-	1,324,037	5,973	
71600	Gain or Loss on Sale of Capital Assets	-	-	-	648	-	-	-	-	-	-	-	-	-	648	-	
72000	Investment Income - Restricted	-	-	-	-	3,562	-	-	-	-	-	-	-	-	3,562	1,668	
	Total Revenue	43,833	6,520,936	99,824	20,023,731	793,536	4,930,990	140,845	2,593	110,383	29,186,528	211,364	263,701	(5,239,091)	57,089,173	186,738	
EXPENSES																	
Administrative:																	
91100	Administrative Salaries	44,534	3,661,676	49,682	1,430,389	4,658	323,635	-	2,066	4,603	1,011,600	19,514	2,132	-	6,554,489	15,648	
91200	Auditing Fees	2,650	3,450	-	1,992	4,564	600	-	-	-	65,298	-	2,650	-	81,204	13,075	
91300	Management Fee	-	-	-	1,672,510	10,956	321,312	-	-	-	629,208	-	-	(2,633,986)	-	-	
91310	Bookkeeping Fee	-	-	-	187,998	6,848	-	-	-	-	393,255	-	-	(588,100)	1	-	
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
91500	Employee Benefit Contributions - Administrative	-	1,585,159	22,642	398,457	1,400	126,957	-	527	-	294,516	-	621	-	2,430,279	4,932	
91600	Office Expenses	4,493	714,815	-	749,236	3,024	232,473	-	-	-	257,480	-	6,531	(89,426)	1,878,626	37,005	
91700	Legal Expense	-	17,709	-	16,083	-	450	-	-	-	9,225	-	1,012	-	44,479	-	
91800	Travel	-	45,135	-	714	-	-	-	-	-	7,678	-	-	-	53,527	-	
91900	Other	-	2,291	-	-	-	-	-	-	-	818	-	-	-	3,109	-	
	Total Administrative	51,677	6,030,235	72,324	4,457,379	31,450	1,005,427	-	2,593	4,603	2,669,078	19,514	12,946	(3,311,512)	11,045,714	70,660	
92000	Asset Management Fee	-	-	-	271,440	-	-	-	-	-	-	-	-	(271,440)	-	-	
Tenant Services:																	
92100	Salaries	-	-	-	422,237	-	37,199	-	-	82,100	-	31,083	-	-	572,619	-	
92300	Employee Benefit Contributions	-	-	-	124,139	-	15,496	-	-	22,570	-	15,426	-	-	177,631	-	
92400	Other	-	4,553	-	84,299	-	7,243	-	-	1,110	-	145,341	-	-	242,546	-	
	Total Tenant Services	-	4,553	-	630,675	-	59,938	-	-	105,780	-	191,850	-	-	992,796	-	
Utilities:																	
93100	Water	-	3,625	-	547,959	-	244,073	-	-	-	-	-	-	-	795,657	4,860	
93200	Electricity	-	45,595	-	724,885	-	495,272	-	-	-	-	-	-	-	1,265,752	6,281	
93300	Gas	-	16,968	-	335,748	-	63,639	-	-	-	-	-	-	-	416,355	419	
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
93600	Sewer	-	-	-	1,007,790	-	309,963	-	-	-	-	-	-	-	1,317,753	7,271	
93800	Other Utilities Expense	510	7,288	-	193,888	314	8,221	-	-	-	19,530	-	-	-	229,751	-	
	Total Utilities	510	73,476	-	2,810,270	314	1,121,168	-	-	-	19,530	-	-	-	4,025,268	18,831	
Ordinary Maintenance and Operations:																	
94100	Labor	-	637,360	-	2,135,250	-	473,981	-	-	-	-	-	-	(396,429)	2,850,162	12,665	
94200	Materials and Other	-	105,518	-	1,663,259	378	648,781	-	-	-	16,970	-	-	-	2,434,906	32,714	
94300	Contracts	-	212,436	-	5,381,797	349	654,562	-	-	-	14,550	-	-	(1,259,710)	5,003,984	38,663	
94500	Employee Benefits Contribution	-	211,247	-	745,432	-	147,533	-	-	-	-	-	-	-	1,104,212	-	
	Total Ordinary Maintenance and Operations	-	1,166,561	-	9,925,738	727	1,924,857	-	-	-	31,520	-	-	(1,656,139)	11,393,264	84,042	

HOUSING AUTHORITY OF THE CITY OF TULSA
ENTITY-WIDE REVENUE AND EXPENSE SUMMARY (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

Line	Central Office	Community	Low Rent	Moderate	Section 8	HOME	HCAP	ROSS	Housing	Choice	Blended	Discretely				
Item #	Business	Dev Block	Public Hsng	Rehab	Rental	14.239	14.169	14.870	Choice	Neighborhood	Component	Presented				
Accounts Description	Cost	Grant 14.218	14.850	14.856	Assistance	14.239	14.169	14.870	Vouchers	Implementation	Unit	Component				
Activities	Center	14.218	14.850	14.856	14.195	14.239	14.169	14.870	14.871	14.889	Unit	Elimination				
												Total	Unit			
EXPENSES (CONTINUED)																
Protective Services:																
95100	Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
95200	Other Contract Costs	-	74	27,500	918,970	-	589,512	-	-	180	-	-	1,536,236			
95000	Total Protective Services	-	74	27,500	918,970	-	589,512	-	-	180	-	-	1,536,236			
Insurance Premiums:																
96110	Property Insurance	-	17,935	-	531,809	653	74,475	-	-	1,795	-	-	626,667			
96120	Liability Insurance	-	39,349	-	140,322	905	33,234	-	-	7,949	-	-	221,759			
96130	Workmen's Compensation	-	111,128	-	87,803	-	17,450	-	-	29,267	-	-	245,648			
96140	All Other Insurance	-	37,134	-	32,295	-	12,005	-	-	366	-	-	81,800			
96100	Total Insurance Premiums	-	205,546	-	792,229	1,558	137,164	-	-	39,377	-	-	1,175,874			
General Expenses:																
96200	Other General Expenses	-	-	-	914,807	155	-	167,582	-	25,652	-	19,634	1,127,830			
96210	Compensated Absences	-	26,057	-	221,136	61	12,035	-	-	130,852	-	-	390,141			
96400	Bad Debt - Tenant Rents	-	-	-	298,595	-	81,858	-	-	-	-	-	380,453			
	Total General Expenses	-	26,057	-	1,434,538	216	93,893	167,582	-	156,504	-	19,634	1,898,424			
96710	Interest of Mortgage or Bonds Payable	-	-	-	-	-	258,255	-	-	-	-	-	258,255			
96700	Total Interest Expense	-	-	-	-	-	258,255	-	-	-	-	-	258,255			
	Total Operating Expenses	52,187	7,506,502	99,824	21,241,239	34,285	5,190,214	167,582	2,593	110,383	2,916,189	211,364	32,580			
												(5,239,091)	32,325,831	302,058		
EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES																
		(8,354)	(985,566)	-	(1,217,508)	759,271	(259,224)	(26,737)	-	-	26,270,339	-	231,121	24,763,342	(115,320)	
97100	Extraordinary Maintenance	-	-	-	-	-	118	-	-	-	-	-	-	118	-	
97200	Casualty Losses - Noncapitalized	-	-	-	53,152	-	-	-	-	-	-	-	-	53,152	-	
97300	Housing Assistance Payments	-	-	-	-	556,348	-	-	-	26,968,758	-	-	-	27,525,106	-	
97350	HAP Portability - In	-	-	-	-	-	-	-	-	167,662	-	-	-	167,662	-	
97400	Depreciation Expense	1,949	375,847	-	4,577,250	18	993,929	-	-	6,437	-	-	-	5,955,430	129,874	
	Total Expenses	54,136	7,882,349	99,824	25,871,641	590,631	6,184,261	167,582	2,593	110,383	30,059,046	211,364	32,580	(5,239,091)	66,027,299	431,932
Other Financing Sources (Uses):																
10010	Operating Transfer In	-	-	-	2,010,000	153,760	-	-	-	-	-	-	-	2,163,760	-	
10020	Operating Transfer Out	-	-	-	(2,010,000)	(153,760)	-	-	-	-	-	-	-	(2,163,760)	-	
10091	Inter Program Excess Cash Transfer In	-	-	-	-	-	-	-	-	-	-	-	2,010,000	2,010,000	-	
10092	Inter Program Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-	-	-	(2,010,000)	(2,010,000)	-	
10093	Transfers between Program and Project - In	-	-	-	-	-	-	-	-	-	-	-	153,760	153,760	-	
10094	Transfers between Program and Project - Out	-	-	-	-	-	-	-	-	-	-	-	(153,760)	(153,760)	-	
	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES																
		\$ (10,303)	\$ (1,361,413)	\$ -	\$ (5,847,910)	\$ 202,905	\$ (1,253,271)	\$ (26,737)	\$ -	\$ -	\$ (872,518)	\$ -	\$ 231,121	\$ (8,938,126)	\$ (245,194)	
Memo Account Information																
11020	Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,712	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,712	\$ -	
11030	Beginning Equity	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	
11040	Prior Period Adjustments, Equity Transfers and Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11170	Administrative Fee Equity	-	-	-	-	-	-	-	-	17,420	-	-	-	17,420	-	
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	51,135	-	-	-	51,135	-	
11190	Unit Months Available	-	-	-	30,062	1,107	7,368	-	-	58,356	-	-	-	96,893	168	
11210	Unit Months Leased	-	-	-	27,883	913	7,146	-	-	52,435	-	-	-	88,377	154	

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, 2018, 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 27, 2019. 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 27, 2019



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, 2018. 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, 2018.

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 2018-001. 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 deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, 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 27, 2019

**HOUSING AUTHORITY OF THE CITY OF TULSA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018**

Federal Grantor/Pass through Grantor/ Program or Cluster Type	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Housing and Urban Development Direct Programs				
Housing Choice Voucher Program	14.871	\$ -	\$ -	\$ 30,059,046
Public and Indian Housing	14.850	-	-	11,634,819
Public Housing Capital Fund	14.872	-	-	5,148,678
Section 8 Project Based Cluster:				
Section 8 Housing Assistance Payments	14.195	-	-	3,654,385
Section 8 Moderate Rehabilitation	14.856	-	-	590,631
Total Section 8 Project Based Cluster				<u>4,245,016</u>
Resident Opportunity and Supportive Services	14.870	-	-	110,383
Housing Counseling Program	14.169			2,593
HOME Investment Partnership Program	14.239	-	-	167,582
Community Development Block Grant	14.218	-	-	99,824
Choice Neighborhood Initiative	14.889			211,364
Total Department of Housing and Urban Development				<u>51,679,305</u>
Total Expenditures of Federal Awards				<u>\$ 51,679,305</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, 2018

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, 2018. 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, 2018.

NOTE 4 NONCASH FEDERAL ASSISTANCE

The Authority did not receive any noncash federal assistance for the year ended December 31, 2018.

The Authority has no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended December 31, 2018.

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, 2018**

Section I – Summary of Auditors’ Results

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

CFDA Number(s)	Name of Federal Program or Cluster
14.871 14.856/14.195	Housing Choice Voucher Program Section 8 Project Based Cluster

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,550,379
- 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, 2018**

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

Finding 2018-001

Federal Agency:	U.S. Department of Housing and Urban Development
Federal Program Title:	Public and Indian Housing
CFDA Number:	14.850
Award Period:	1/1/2018-12/31/2018
Type of Finding:	Significant Deficiency in Internal Control over Compliance

Condition: During our testing we noted instances where the Authority did not follow the internal controls in place to ensure compliance with 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 two of ten files as noted below:

- One out of ten files tested reported income incorrectly which also lead to the incorrect calculation of tenant rent.
- One out of ten files tested did not have a signed general release form.

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, 2018**

Section IV – Prior Year Findings

Finding 2017-001 **Public and Indian Housing, CFDA #14.850**
Federal Agency: **U.S. Department of Housing and Urban Development**
Compliance Requirement: **Special Tests**
Type of Finding: **Noncompliance, Significant Deficiency**

Condition: Testing of 25 Public Housing tenant files for wait list – new tenant purposes identified an exception in one files for which included the following:

- One file had a “pull” date that was before the application date.

Status: Finding was cleared in the current year.

Finding 2017-002 **Public and Indian Housing, CFDA #14.850**
Federal Agency: **U.S. Department of Housing and Urban Development**
Compliance Requirement: **Eligibility**
Type of Finding: **Noncompliance, Significant Deficiency**

Condition: Testing of 40 Public Housing tenant files for eligibility purposes identified exceptions in four files for which included the following:

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

Status: See current year finding 2018-001.

CORRECTIVE ACTION PLAN

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, 2018

Audit period: January 1, 2018 – December 31, 2018

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

2018-001 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: Property Management Staff at the audited sites have already received re-training on rent collection and rent calculation. An internal tenant file audit will be performed to identify defects in tenant files, including rent calculation. Management is holding Property Management Staff accountable for rent collection and rent calculation, which has already produced transitions in staffing to ensure technical expertise in these processes. Similar actions are being instated across the asset management portfolio.

Name(s) of the contact person(s) responsible for corrective action: Erik Soliván, Senior Vice President Development Services (918-361-3891)

Planned completion date for corrective action plan: December 31, 2019