

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND
SUPPLEMENTAL DATA FOR THE
TWELVE MONTHS ENDED JUNE 30, 2017**

CYNTHIA L WARREN CPA, P.C.

Eufaula, Oklahoma 74432

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
JUNE 30, 2017**

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CYNTHIA L WARREN CPA, P.C.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Lawton as of June 30, 2017, and for the year then ended, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Lawton as of June 30, 2017, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 5 through 18 be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operations, economic, or historical context. I have applied certain limited procedures on 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 method of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information, the Financial Data Schedule and Schedule of Actual Modernization Cost, is presented for purposes of additional analysis as required by the by the U.S. Department of Housing and Urban Development, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is not a required part of the financial statements.

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

Report Issued in Accordance with *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated March 15, 2018 on my consideration of the Housing Authority of the City of Lawton's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.

Cynthia L Warren CPA, P.C.

Cynthia L Warren CPA, P.C.
Eufaula, Oklahoma
March 15, 2018

LAWTON HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

Introduction

This Management's Discussion and Analysis (MD&A) of the Lawton Housing Authority (Authority) provides an introduction and overview to the financial statements of the Lawton Housing Authority for the fiscal year ended June 30, 2017. The Lawton Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2017, to assist the reader in focusing on significant financial issues.

All of the funds of the Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and that these funds are used for their intended purposes. This information contained herein this MD&A should be considered in conjunction with the Authority's financial statements and related notes to the financial statements.

The Authority has four significant programs. These are the Low Rent Public Housing Program, Public Housing Capital Fund Program, Section 8 Housing Choice Voucher Program, and a 501(3) (c) non-profit corporation, Lawton Support Services that is presented discretely as a component unit.

The Low Rent Program consists of 296 units. Funding is provided based on the dwelling rents paid by the tenants and operating fund payments received by the Department of Housing and Urban Development (HUD) based on a formula. The Capital Fund Program receives funding from HUD based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

The Section 8 Housing Choice Voucher Program consists of 50 Family Unification and 42 Housing Choice vouchers. Funding for this program is based on the lease-up rate during the previous fiscal year.

Lawton Support Services is a discretely presented component unit that provides a variety of management services to the Lawton Housing Authority.

MANAGEMENT'S DISCUSSION AND ANALYSIS-Cont.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's financial statements. The financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the differences between them being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net position is comprised of three individual components:

- *Net Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets
- *Restricted* component of net position consists of resources available that are restricted by limitations placed on these resources by an external source or imposed by law through constitutional provisions.
- *Unrestricted* component of net position represents the remaining resources available that do not meet the definition of the above categories. The unrestricted component of net position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended June 30, 2017, to determine the change in net position for the fiscal year.

The Statement of Cash Flows report cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended June 30, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS-Cont.

Financial Highlights

Primary Government:

- The net position of the Primary Government decreased from \$4,705,704 to \$4,400,967, a decrease of \$304,737, or 6%. Total assets also decreased by \$400,042, or 7%.
- The Primary Government's revenue decreased from \$2,581,336 to \$2,552,905, a decrease of \$28,431, or 1%.
- The Primary Government's expenses increased from \$2,830,450 to \$2,857,642, an increase of \$27,192, or 1%.

Component Unit:

- The net position of the Component Unit increased from \$196,558 to \$208,883, an increase of \$12,325, or 6%. Total assets also increased by \$21,292, or 9%.
- The Component Unit's revenue decreased from \$165,610 to \$159,099, a decrease of \$6,511, or 4%.
- The Component Unit's expenses decreased from \$152,896 to \$146,774, a decrease of \$6,122, or 4%.

MANAGEMENT'S DISCUSSION AND ANALYSIS-Cont.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended June 30, 2017 and June 30, 2016.

**Primary Government
Statement of Net Position
As of June 30, 2017 and June 30, 2016**

Category	2017	2016	Change \$	Change %
Current Assets	\$ 1,635,337	\$ 1,615,913	\$ 19,424	1%
Noncurrent Assets	\$ 3,646,778	\$ 4,005,429	\$ (358,651)	-9%
Other NonCurrent Assets	\$ 197,910	\$ 258,725	\$ (60,815)	-24%
Total Assets	\$ 5,480,025	\$ 5,880,067	\$ (400,042)	-7%
Current Liabilities	\$ 226,359	\$ 269,487	\$ (43,128)	-16%
Noncurrent Liabilities	\$ 852,699	\$ 904,876	\$ (52,177)	-6%
Total Liabilities	\$ 1,079,058	\$ 1,174,363	\$ (95,305)	-8%
Unrestricted	\$ 1,626,768	\$ 1,646,077	\$ (19,309)	-1%
Investment in Capital Assets	\$ 2,761,919	\$ 3,059,627	\$ (297,708)	-10%
Restricted	\$ 12,280	\$ -	\$ 12,280	0%
Total Net Position	\$ 4,400,967	\$ 4,705,704	\$ (304,737)	-6%

Current Assets

Current assets increased by \$19,424 from the previous year. Cash and investments decreased by \$93,824, while receivables increased by \$84,558 and other current assets increased by \$28,690 from June 30, 2016 to June 30, 2017.

Noncurrent Assets

Noncurrent assets decreased by \$358,651 from the previous year due to current year capital asset purchases reduced by application of accumulated depreciation.

Other noncurrent assets

Other noncurrent assets decreased by \$60,815 due to the reduction of mortgage interest receivable during the current year.

Current Liabilities

Current liabilities decreased by \$43,128 from the prior year primarily due to the decrease in accounts payable of \$3,901, wages/payroll taxes payable of \$11,079, current portion of compensated absences of \$5,349, and a decrease in inter-program payables of \$33,580.

MANAGEMENT’S DISCUSSION AND ANALYSIS-Cont.

Long Term Liabilities

Long term liabilities decreased by \$52,177 from the previous year primarily due to the principal payments made on the energy performance contract.

Unrestricted

The Authority’s total net position decreased, by \$304,737, from the prior year.

The Authority’s unrestricted component of net position decreased from \$1,646,077 to \$1,626,768, a decrease of \$19,309, or 1% for the current year. This decrease is primarily due to an increase in operating grants from the prior year in the amount of \$26,332 which was offset by an increase in administration expenses of \$83,221 and extraordinary maintenance of \$28,526. Ordinary maintenance expenses decreased by \$60,293, and housing assistance payments decreased by \$13,897 in the current year. The unrestricted component of net position is the amount available for future appropriations. This balance is subject to program specific guidelines. The Authority’s individual programs maintain the unrestricted net position balances as follows:

Low Rent Housing Program	\$ 868,374
State & Local	72,695
Housing Choice Voucher Program	
Reserved for Administration	263,414
Homeownership Program	<u>422,285</u>
Total	<u>\$ 1,626,768</u>

Restricted

Restricted component of net position increased from \$0 at June 30, 2016 to \$12,280 at June 30, 2017. The primary reason for the increase was due to the reporting of excess HAP funding over HAP expenditures during the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS-Cont.

*Component Unit
Statement of Net Position
As of June 30, 2017 and June 30, 2016*

<u>Category</u>	<u>2017</u>	<u>2016</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 170,278	\$ 145,085	\$ 25,193	17%
Noncurrent Assets	\$ 92,808	\$ 96,709	\$ (3,901)	-4%
Total Assets	\$ 263,086	\$ 241,794	\$ 21,292	9%
Current Liabilities	\$ 53,913	\$ 44,143	\$ 9,770	22%
Noncurrent Liabilities	\$ 290	\$ 1,093	\$ (803)	-73%
Total Liabilities	\$ 54,203	\$ 45,236	\$ 8,967	20%
Unrestricted	\$ 116,075	\$ 99,849	\$ 16,226	16%
Investment in Capital Assets	\$ 92,808	\$ 96,709	\$ (3,901)	-4%
Total Net Position	\$ 208,883	\$ 196,558	\$ 12,325	6%

Current Assets

Current assets increased by \$25,193 from the previous year primarily due the increase of cash/investments in the amount of \$6,950, receivables of \$5,697, and other current assets in the amount of \$12,546.

Current Liabilities

Current liabilities increased by \$9,770 primarily due to the increase in inter-program payables of \$13,639.

Noncurrent Liabilities

Noncurrent liabilities decreased by \$803 primarily due to the current year depreciation expense exceeding noncurrent compensated absences.

Net Position

The Component Unit's total net position increased by \$12,325 for the current year.

The Component Unit's unrestricted component of net position increased from \$99,849 to \$116,075, an increase of \$16,226, or 16% for the current year. This increase is primarily due to tenant revenue, operating grants, and other revenue totaling \$158,973 exceeding administrative, housing assistance, and general expense payments of \$141,628 in the current fiscal year.

MANAGEMENT’S DISCUSSION AND ANALYSIS-Cont.

Primary Government Statement of Revenues & Expenses For the Year Ended June 30, 2017 and June 30, 2016

<u>Category</u>	<u>2017</u>	<u>2016</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 570,240	\$ 571,426	\$ (1,186)	0%
Operating Grants	\$ 1,749,159	\$ 1,722,827	\$ 26,332	2%
Capital Grants	\$ 54,306	\$ 78,418	\$ (24,112)	-31%
Interest Income	\$ 3,567	\$ 3,201	\$ 366	11%
Other Revenue	\$ 175,633	\$ 205,464	\$ (29,831)	-15%
Total Revenue	\$ 2,552,905	\$ 2,581,336	\$ (28,431)	-1%
			\$ -	
Administration	\$ 689,957	\$ 606,736	\$ 83,221	14%
Tenant Services	\$ 5,854	\$ 7,727	\$ (1,873)	-24%
Utilities	\$ 217,234	\$ 213,969	\$ 3,265	2%
Ordinary Maintenance	\$ 678,383	\$ 738,676	\$ (60,293)	-8%
Protective Services	\$ 6,854	\$ 7,859	\$ (1,005)	-13%
General Expense	\$ 179,796	\$ 191,221	\$ (11,425)	-6%
Extraordinary Maintenance	\$ 28,526	\$ -	\$ 28,526	n/a
Housing Assistance Payments	\$ 642,053	\$ 655,950	\$ (13,897)	-2%
Depreciation	\$ 408,985	\$ 408,312	\$ 673	0%
			\$ -	
Total Expenses	\$ 2,857,642	\$ 2,830,450	\$ 27,192	1%
Excess of Revenue over Expenses	\$ (304,737)	\$ (249,114)	\$ (55,623)	22%
Net Position, Beginning of Year	\$ 4,705,704	\$ 4,954,818	\$ (249,114)	-5%
Net Position, End of Year	\$ 4,400,967	\$ 4,705,704	\$ (304,737)	-6%

Results of Operations

Revenues of the Primary Government are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Primary Government’s revenue decreased by \$28,431 during the current fiscal year. Notable differences noted from comparing current year balances to previous year balances are listed as follows:

- Operating grants increased \$26,332 due to increased operating subsidy funding in the Low Rent program of \$46,703 and Housing Choice Voucher funding of \$10,775 while CFP operating funding decreased by \$26,650.
- Capital grants decreased \$24,112 due to decreased activity in the Capital Fund program.

- Other revenue decreased \$29,831 primarily due to the sale of a scattered site in the prior year with no sales in the current year.

Total expenses increased by \$27,192 or 1%. Significant variations between the years include:

- Administration increased by \$83,221 primarily due to increased salary and benefits of \$76,991.
- Ordinary maintenance decreased by \$60,293 due primarily to a decrease in maintenance labor of \$28,282, maintenance benefits of \$13,642, and extermination contracts of \$19,678 from the prior year.
- Extraordinary maintenance increased by \$28,526 from the prior year due to no activity in the prior year.
- Housing assistance payments decreased in the current year by \$13,897 due to changes in tenant income calculations while portability payments decreased \$2,802.

MANAGEMENT'S DISCUSSION AND ANALYSIS-Cont.

Component Unit Statement of Revenues & Expenses For the Year Ended June 30, 2017, and June 30, 2016

Category	2017	2016	Change \$	Change %
Tenant Revenue	\$ 17,156	\$ 19,658	\$ (2,502)	-13%
Operating Grants	\$ 114,215	\$ 122,754	\$ (8,539)	-7%
Interest Income	\$ 126	\$ 102	\$ 24	24%
Other Revenue	\$ 27,602	\$ 23,096	\$ 4,506	20%
Total Revenue	\$ 159,099	\$ 165,610	\$ (6,511)	-4%
			\$ -	
Administration	\$ 94,155	\$ 84,579	\$ 9,576	11%
Tenant Services	\$ 64	\$ 6,969	\$ (6,905)	-99%
Ordinary Maintenance	\$ 1,182	\$ 10,319	\$ (9,137)	-89%
Housing Assistance Payments	\$ 34,718	\$ 29,906	\$ 4,812	16%
General Expense	\$ 12,755	\$ 17,223	\$ (4,468)	-26%
Depreciation	\$ 3,900	\$ 3,900	\$ -	0%
			\$ -	
Total Expenses	\$ 146,774	\$ 152,896	\$ (6,122)	-4%
Excess of Revenue over Expenses	\$ 12,325	\$ 12,714	\$ (389)	-3%
Net Position, Beginning of Year	\$ 196,558	\$ 183,844	\$ 12,714	7%
Net Position, End of Year	\$ 208,883	\$ 196,558	\$ 12,325	6%

Results of Operations

Revenues of the Component Unit are generated principally from grants and other revenue. The Component Unit's revenue decreased by \$6,511 during the current fiscal year. Significant decreases include the following:

- A reduction in the operating grant funding of \$8,539.
- Tenant revenue decreased by \$2,502 in the current year.
- Other revenue increased by \$4,506 from the prior year primarily due to miscellaneous revenue.

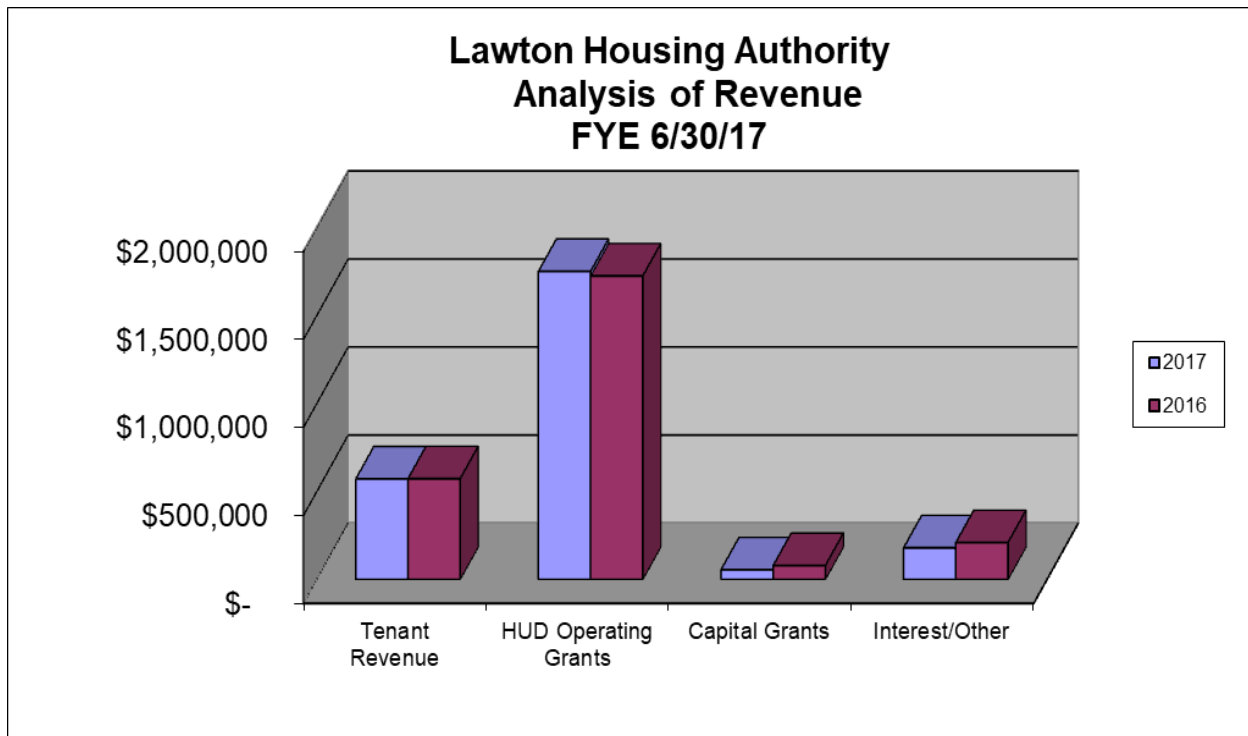
Total expenses decreased by \$6,122, or 4%. Significant variations between the years include the following:

- Administrative expense increased by \$9,576 or 11%. This was primarily due to an increase in administrative sundry other of \$15,294.

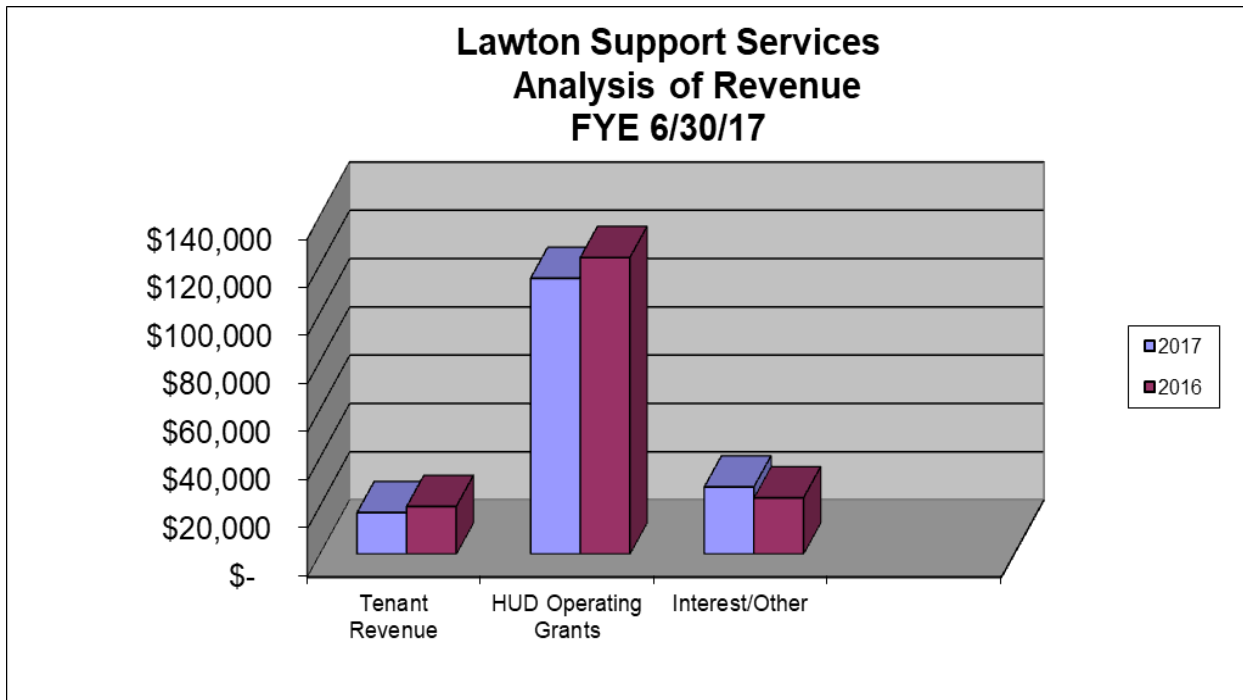
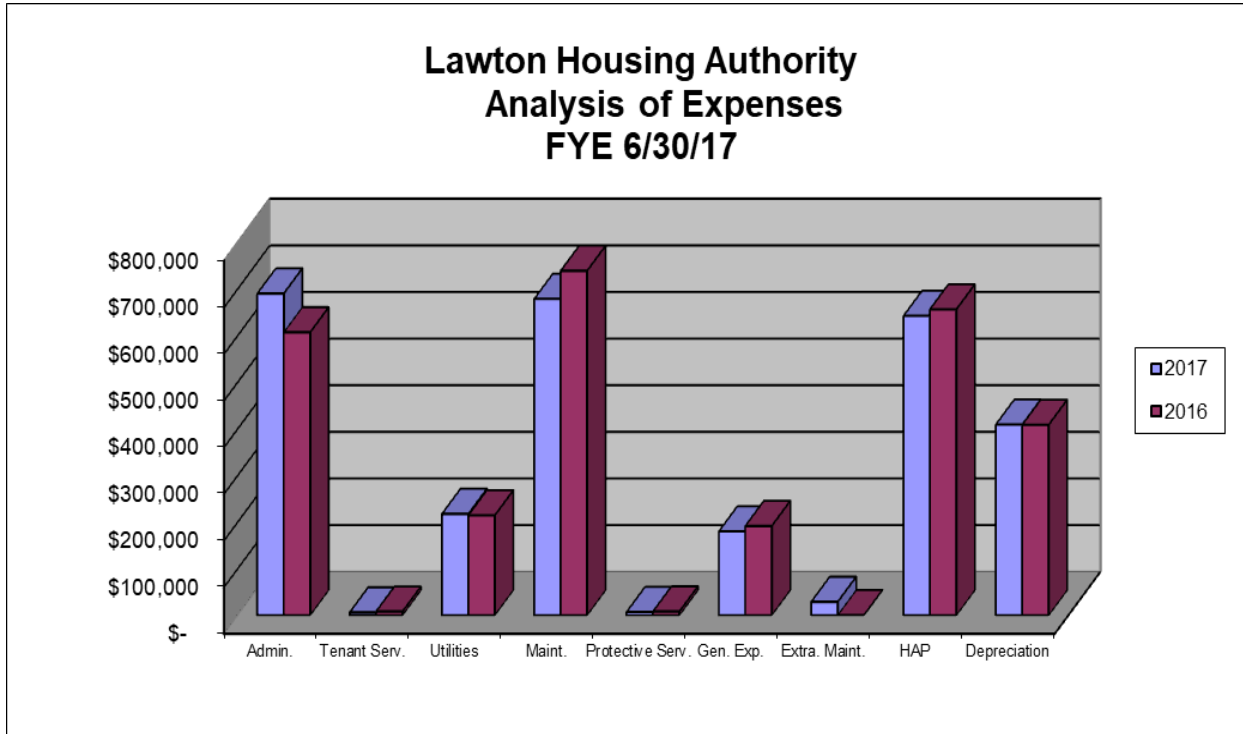
MANAGEMENT’S DISCUSSION AND ANALYSIS-Cont.

- Tenant services decreased by \$6,905 or 99%. This was primarily due to a decrease in tenant services contacts.
- Ordinary maintenance decreased by \$9,137 or 89%. This was primarily due to a decrease in maintenance contracts of \$9,275.
- Housing assistance payments increased by \$4,812 or 16%. The units leased increased from 92 in 2016 to 104 in 2017. Average HAP also increased from \$325 in 2016 to \$334 in 2017.
- General expenses decreased by \$4,468 or 26 in the current year. The decrease was a result of insurance premium decrease of \$1,347, compensated absences decrease of \$2,448, and a decrease in other general expenses of \$815.

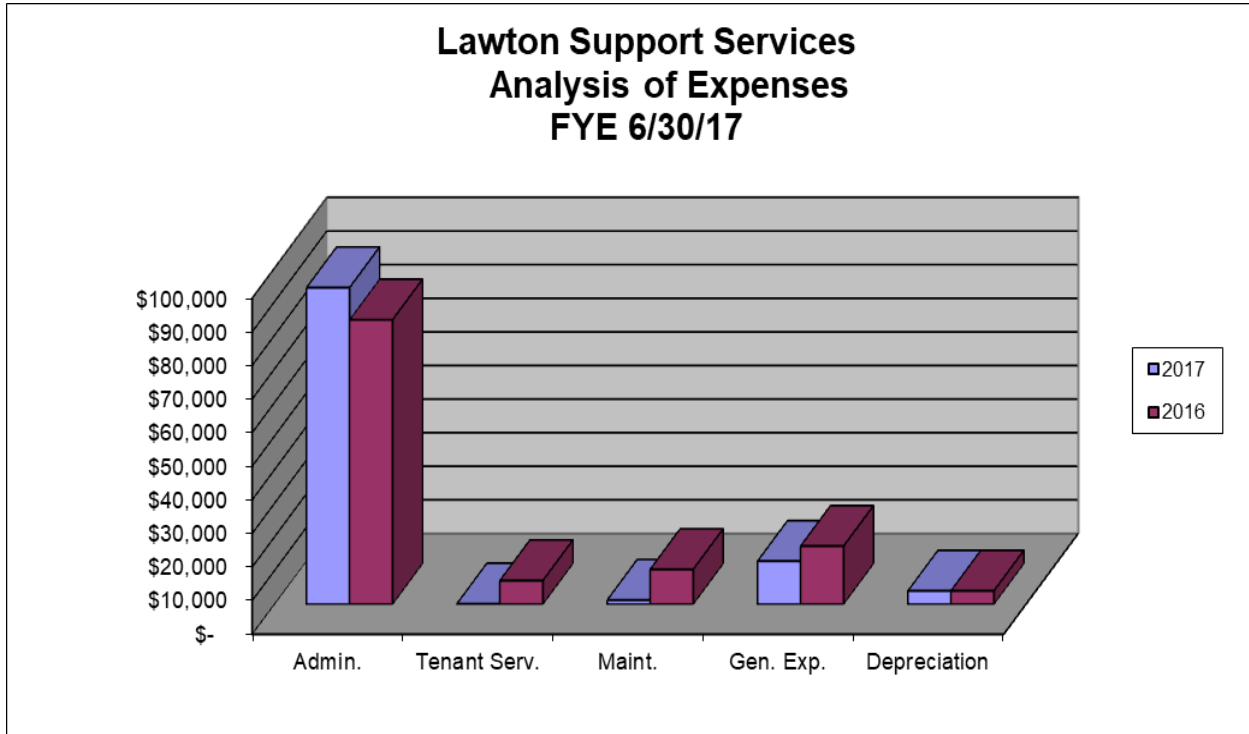
We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



MANAGEMENT’S DISCUSSION AND ANALYSIS-Cont.



MANAGEMENT’S DISCUSSION AND ANALYSIS-Cont.



Capital Assets

As of June 30, 2017, the Primary Government’s investment in capital assets was \$2,761,919. This investment includes land, building, equipment, and construction in progress, less any associated debt.

<u>Category</u>	<u>2017</u>	<u>2016</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 246,991	\$ 246,990	\$ 1	0%
Buildings	\$ 15,278,708	\$ 15,071,451	\$ 207,257	1%
Equipment	\$ 417,808	\$ 410,292	\$ 7,516	2%
Construction in Progress	\$ -	\$ 164,440	\$ (164,440)	-100%
Accumulated Depreciation	\$ (12,296,729)	\$ (11,887,744)	\$ (408,985)	3%
Total Capital Assets	\$ 3,646,778	\$ 4,005,429	\$ (358,651)	-9%

The increase noted in the buildings consisted of roofs, a/c, heaters, sidewalks, and erosion projects funded with the 2013 and 2014 Capital Fund Grants. The increase in equipment consisted of a lawn mower, generators, and engine.

MANAGEMENT’S DISCUSSION AND ANALYSIS-Cont.

Noncurrent Liabilities

Noncurrent liabilities decreased by \$52,177 from the previous year primarily due to the reduction in principal on the energy performance contract of \$68,412.

The Primary Government classifies a portion of the employees’ leave as a noncurrent liability. This is due to the Primary Government not anticipating paying out the total amount accrued in the upcoming fiscal year. The amount estimated as a noncurrent liability was \$35,057.

The Authority did not acquire any debt obligations during the fiscal year.

As of June 30, 2017, the Component Unit’s investment in capital assets was \$92,808. This investment includes land, building, and equipment, less any associated debt.

<u>Category</u>	<u>2017</u>	<u>2016</u>	<u>Change \$</u>	<u>Change %</u>
Land	\$ 1,150	\$ 1,150	\$ -	0%
Buildings	\$ 156,014	\$ 156,014	\$ -	0%
Equipment	\$ 19,343	\$ 19,343	\$ -	0%
Accumulated Depreciation	\$ (83,699)	\$ (79,798)	\$ (3,901)	5%
Total Capital Assets	\$ 92,808	\$ 96,709	\$ (3,901)	-4%

Noncurrent Liabilities

The Component Unit classifies a portion of the employees’ leave as a noncurrent liability. This is due to the Authority not anticipating paying out the total amount accrued in the upcoming fiscal year. The amount estimated as a noncurrent liability was \$290.

Subsequent Event

HUD has finalized the funding levels for the 2017 calendar year. Operating subsidy for the Low Rent Housing Program will be prorated at 93.098%. Operating subsidy for the 2018 calendar year is estimated at 92%.

The amount of funding for the 2017 calendar year for the Housing Choice Voucher Program has been finalized by HUD. These include the proration of administrative fees being funded at 77.581% and HAP funding at 100%. The 2018 administrative fees are estimated at 75 % and HAP funding at 100%.

MANAGEMENT'S DISCUSSION AND ANALYSIS-Cont.

Request for Information

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

Lawton Housing Authority
Rita Love, Executive Director
609 SW Avenue F
Lawton, OK 73501

HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government - Lawton Housing <u>Authority</u>	Component Unit - Lawton Support <u>Services</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 670,734	\$ 130,668
Cash and Cash Equivalents, Restricted for Security Deposits	60,266	200
Cash and Cash Equivalents, Restricted for Housing Choice Vouchers	12,280	0
Tenant Accounts Receivable, Net	2,452	615
Due from Other Governments - HUD	114,078	24,125
Accrued Interest Receivable	744	0
Accounts Receivable - Miscellaneous	1,102	324
Investments	572,508	0
Assets Held for Sale	44,997	0
Prepaid Expenses	89,060	1,541
Inventory	12,361	0
Due from Component Unit	40,671	0
Total Current Assets	1,621,253	157,473
Noncurrent Assets:		
Capital Assets, Non-depreciable	246,991	1,150
Capital Assets, Net of Depreciation	3,399,787	91,658
Total Capital Assets	3,646,778	92,808
Notes Receivable	197,910	0
Total Noncurrent Assets	3,844,688	92,808
Total Assets	\$ 5,465,941	\$ 250,281

(Continued on next page.)

The accompanying notes to the financial statements are an integral part hereof.

HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2017

(Continued from previous page.)

	Primary Government - Lawton Housing Authority	Component Unit - Lawton Support Services
LIABILITIES		
Current Liabilities:		
Accounts Payable, Vendors	\$ 17,883	\$ 61
Due to Other Government - PILOT Taxes	20	0
Accrued Wages and Payroll Taxes Payable	14,660	0
Accrued Compensated Absences	14,298	176
Unearned Revenues	10,519	0
Other Current Liabilities	27,412	0
Tenant Security Deposits	60,266	200
Due to Housing Authority	0	40,671
Debt for Capital Projects - Current Portion	67,217	0
Total Current Liabilities	212,275	41,108
Long-term Liabilities:		
Long-term Accrued Expenses	35,057	290
Debt for Capital Project - Long-term	817,642	0
Total Non-current Liabilities	852,699	290
Total Liabilities	1,064,974	41,398
 NET POSITION		
Invested in Capital Assets	2,761,919	92,808
Restricted - Housing Choice Vouchers	12,280	0
Unrestricted	1,626,768	116,075
Total Net Position	4,400,967	208,883
 Total Liabilities and Net Position	\$ 5,465,941	\$ 250,281

The accompanying notes to the financial statements are an integral part hereof.

Exhibit B

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017**

	Primary Government - Lawton Housing Authority	Component Unit - Lawton Support Services
Operating Revenue:		
Tenant Revenue	\$ 570,240	\$ 17,156
Operating Grants and Subsidies	1,749,159	114,215
Other Income	157,830	27,602
Total Operating Revenue	2,477,229	158,973
Operating Expenses:		
Housing Assistance Payments	642,053	34,718
Administration	689,957	94,155
Tenant Services	12,708	64
Utilities	217,234	52
Maintenance	706,909	1,130
General Expense	130,738	12,755
Depreciation	408,986	3,900
Total Operating Expenses	2,808,585	146,774
Operating Income (Loss)	(331,356)	12,199
Non-operating Revenue (Expense)		
Investment Income	15,638	126
Gain (Loss) on Disposal of Fixed Assets	5,732	0
Interest Expense	(49,057)	0
Net Income (Loss) Before Capital Grants	(359,043)	12,325
Capital Grants	54,306	0
Change in Net Position	(304,737)	12,325
Total Net Position, Beginning	4,705,704	196,558
Total Net Position, Ending	\$ 4,400,967	\$ 208,883

The accompanying notes to the financial statements are an integral part hereof.

HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

	Primary Government - Lawton Housing Authority	Component Unit - Lawton Support Services
Cash Flows from Operating Activities:		
Receipts from Tenants	\$ 578,298	\$ 17,033
Receipts from Operating Grants	1,662,953	108,595
Receipts from Other Operating Activities	156,728	27,458
Payments to Employees	(707,632)	(69,654)
Payments to Suppliers and Vendors	(1,072,761)	(41,891)
Payments for Housing Assistance	<u>(642,053)</u>	<u>(34,718)</u>
Net Cash Provided (Used) by Operating Activities	<u>(24,467)</u>	<u>6,823</u>
Cash Flows from Capital and Related Financing Activities:		
Receipts from Capital Grants	54,306	0
Proceeds (Payments) on Capital Leasing	(60,943)	0
Interest Paid on Capital Leasing	(49,057)	0
Disposal of Fixed Assets	(39,264)	
Purchases of Land, Structures and Equipment	<u>(50,336)</u>	<u>0</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(145,294)</u>	<u>0</u>
Cash Flows from Investing Activities:		
Receipts of Interest Income	15,121	127
Increase in Notes Receivable	<u>60,815</u>	<u>0</u>
Net Cash Provided (Used) from Investing Activities	<u>75,936</u>	<u>127</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(93,825)	6,950
Cash and Cash Equivalents, Beginning	<u>837,105</u>	<u>123,918</u>
Cash and Cash Equivalents, Ending	<u>\$ 743,280</u>	<u>\$ 130,868</u>
 Reconciliation to Statement of Net Position:		
Cash and Cash Equivalents	\$ 670,734	\$ 130,668
Cash and Cash Equivalents, Restricted	<u>72,546</u>	<u>200</u>
	<u>\$ 743,280</u>	<u>\$ 130,868</u>

The accompanying notes to the financial statements are an integral part hereof.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017**

	Primary Government - Lawton Housing <u>Authority</u>	Component Unit - Lawton Support <u>Services</u>
Reconciliation of Operating Income to Net Cash		
 Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ <u>(331,356)</u>	\$ <u>12,199</u>
Adjustments to reconcile Operating Income (Loss) to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	408,985	3,900
Change in Assets and Liabilities:		
Accounts Receivable and Due from Other Governments	(71,470)	(18,268)
Prepaid Expenses	(14,483)	25
Inventory	(1,722)	0
Accounts Payable	(17,527)	13,627
Tenant Security Deposits	398	(190)
Accrued Liabilities	(193)	(4,470)
Deferred Revenues	<u>2,901</u>	<u>0</u>
Total Adjustments	<u>306,889</u>	<u>(5,376)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(24,467)</u></u>	\$ <u><u>6,823</u></u>

The accompanying notes to the financial statements are an integral part hereof.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - REPORTING ENTITY

The agency was created under the provisions of the laws of the State of Oklahoma. The purpose of the agency is to administer Public Housing Programs authorized by the United States Housing Act. The governing board is appointed by the Mayor of the City of Lawton. The governing board employs executives; authorizes contracts of subsidy with the U.S. Department of Housing and Urban Development (Annual Contributions Contract) pursuant to that agency's regulations and statutory authorizations; and causes the agency to construct, own, and operate public housing facilities.

The Housing Authority's financial statements include all organizations, activities, and functions that comprise the Housing Authority. Component units are legally separate entities for which the Housing Authority is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the Housing 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 Housing Authority. As of June 30, 2017, and for the fiscal year then ended, the Housing Authority had one component unit required to be discretely presented, which is presented in a separate column in the financial statements, Lawton Support Services.

Lawton Support Services, Inc. – Component Unit

Lawton Support Services is a component unit of the Housing Authority of the City of Lawton. The corporation is organized exclusively for charitable, education and scientific purposes, including, for such purposes making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code. Lawton Support Services, Inc. is currently providing a variety of management and training services for other housing authorities. The component unit is governed by the governing board of the Housing Authority.

Programs Administered by the Authority

The Housing Authority administers an annual contributions contract to provide low-income housing with primary financial support from the U.S. Department of Housing and Urban Development (HUD). Contracts administered by the Housing Authority are as follow:

Public Housing - The Housing Authority owns, operates and maintains 298 units of Public Housing. The properties were acquired through bonds and notes guaranteed by HUD and through grants, subject to the terms of an Annual Contributions Contract with HUD. Revenues consist primarily of rents and other fees collected from tenants, and an Operating Subsidy from HUD.

Capital Fund Program - Funds from the Capital Fund Program provided by HUD are used to maintain and improve the Housing Authority. Substantially all additions to land, structures and equipment of the Housing Authority are accomplished through these capital fund grants.

Housing Choice Vouchers - The Housing Authority administers Housing Choice Vouchers to assist low-income families, elderly and disabled to afford decent, safe and sanitary housing in the private market. Revenues consist primarily of Annual Contribution for Housing Assistance Payments from HUD.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Measurement Focus

The Housing Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and become measurable and expenses are recognized when incurred, if measurable.

The Housing Authority applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, and the Accounting Principles Board (APB) of the Committee on Accounting Procedures unless those pronouncements conflict with or contradict GASB pronouncements.

The Housing Authority has adopted GASB Statement #63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The adoption of GASB 63 has had no material effect on the Authority's financial statements.

For accounting and financial reporting purposes, the Housing Authority of the City of Lawton is considered a special purpose government engaged solely in business-type activities. As such, the accounting and financial reporting treatment is similar to enterprise funds of a general purpose government. Enterprise funds are accounted for on the economic resources measurement focus and report all assets and liabilities, both current and noncurrent, in the Statement of Net Position. Net Position are segregated into Investment in Capital Assets, Restricted and Unrestricted components, to the extent applicable.

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 amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

Budgetary Process

The Housing Authority adopts an operating budget for each fiscal year which is approved by the Board of Commissioners with revisions being prepared as needed. However, the budget does not establish legal spending limits and is instead designed to serve as a financial plan.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of amounts deposited in checking, money market and investments accounts with an original maturity of three months or less. Cash equivalents, if any, are carried at fair value.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Investments

Investments consist of certificates of deposit, which are considered money market type investments as defined by the Governmental Accounting Standards Board. The investments are reported at cost, which approximates fair market value.

Restricted Cash and Cash Equivalents

Restricted Cash and Cash Equivalents consist of amounts deposited in a checking account for the restricted purpose of Housing Choice Voucher payments. These funds were obtained from excess funding of Housing Choice Voucher payments. Also included as restricted are amounts for Tenant Security Deposits.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future periods. These payments are recorded as prepaid expenses.

Inventory

Inventory balances consist of expendable supplies held for consumption. The inventory is valued at cost. The Housing Authority uses the first-in, first-out basis in determination of cost.

Capital Assets

Capital assets acquired are valued at historical cost. It is the policy of the Housing Authority to capitalize all assets with a cost of \$500 or greater. Donated capital assets are valued at the estimated fair value at the date of the donation. Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the statement of Net Position. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follow:

Buildings and Improvements	15 - 40 years
Equipment	3 - 5 years

Compensated Absences

It is the Housing Authority's policy to allow employees to accumulate earned but unused vacation and sick pay benefits up to certain limits. These amounts accrued, for which the employee is vested that would be paid upon termination, are charged to expense and a corresponding liability is established when earned. The portion of the liability that is anticipated to be paid within the next fiscal year is reported as a current liability, while the remainder is reported as a long-term liability.

Operating and Non-operating Revenues and Expenses

The statement of revenues, expenses, and changes in Net Position distinguishes operating revenues and expenses from non-operating. Operating revenues and expenses generally include revenues resulting from the providing of housing services to tenants, including housing assistance grants and subsidies, and the costs associated with providing those services, including depreciation of capital assets. These activities are consistent with those classified as "operating activities" in the statement of cash flows. All other revenues and expenses are classified as either non-operating revenues and expenses or separately reported activities, such as capital grants, that are reported following operating income or loss.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

It is the Housing Authority's policy to invest in those securities which are authorized by HUD. Such investments generally consist of obligation 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. The deposits and investments held at June 30, 2017, and reported at fair value, are as follows:

<u>TYPE</u>	<u>Primary Government Carrying Value</u>	<u>Component Unit Carrying Value</u>
Deposits:		
Demand Deposits	\$ 742,281	\$ 130,868
Cash on Hand	<u>1,000</u>	<u>0</u>
	743,281	130,868
Investments:		
Certificates of Deposit	<u>572,507</u>	<u>0</u>
Total Deposits and Investments	\$ <u>1,315,788</u>	\$ <u>130,868</u>
Reconciliation to Statement of Net Assets:		
Cash and Cash Equivalents	\$ 670,734	\$ 130,668
Cash and Cash Equivalents, Restricted	72,546	200
Investments	<u>572,508</u>	<u>0</u>
	\$ <u>1,315,788</u>	\$ <u>130,868</u>

Custodial Credit Risk - HUD regulations and State law governs the requirements for managing custodial credit risk. Such regulations and law require uninsured deposits to be secured with collateral having market value at least equal to the amount of uninsured deposits. Deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a bank balance of \$1,488,682 at June 30, 2017, which was fully insured by depository insurance or secured with collateral held by the Housing Authority's agent in its name.

Investment Interest Rate Risk - The Housing Authority's investment policy mandates that investing be performed in accordance with HUD regulations and State Statutes. The investment policy has no formal limitation of investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Nonnegotiable certificates of deposit are not subject to interest rate risk, therefore their maturity dates are not provided.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS, Continued

Investment Credit Risk - The Housing Authority's investment policy limits its investment choices to those allowed by HUD regulations and state laws as follows:

- A. U.S. Treasury Bills
- B. U.S. Treasury Notes and Bonds
- C. Obligations of Federal Government Agencies
- D. Securities of Federal Government Agencies
- E. Insured Money Market Deposit Accounts
- F. Municipal Depository Fund
- G. Super NOW Accounts
- H. Certificates of Deposit
- I. Repurchase Agreements
- J. Sweep Accounts
- K. Separate Trading of Registered Interest and Principal of Securities
- L. Mutual Funds that meet the HUD criteria.

Concentration of Investment Credit Risk - The Housing Authority places no limit on the amount it may invest in any one issuer. At June 30, 2017, the Housing Authority had limited concentration of credit risk because the investments consist of Certificates of Deposit.

NOTE 4 - ACCOUNTS RECEIVABLE

All receivables from tenants for Lawton Housing Authority are for rentals and service charges for the Low Rent Program. These receivables are shown net of an allowance for uncollectible amounts. The total accounts receivable balance is \$2,998 less an allowance of \$546 for a net accounts receivable of \$2,452 at June 30, 2017.

Tenant Accounts Receivable for Lawton Support Services is for rental and services. These receivables are shown net of an allowance for uncollectible amounts. The total amounts receivable balance is \$615 less an allowance of \$0 for a net accounts receivable of \$615 at June 30, 2017.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 - CAPITAL ASSETS

A summary of Capital Assets as presented in the Statement of Net Position is as follows:

<i>Primary Government -</i>	Balance			Balance
<i>Lawton Housing Authority</i>	<u>6/30/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2017</u>
Non-depreciable Capital Assets:				
Land	\$ 246,990	\$ 0	\$ 0	\$ 246,990
Construction in Progress	<u>164,439</u>	<u>36,180</u>	<u>(200,619)</u>	<u>0</u>
	<u>411,429</u>	<u>36,180</u>	<u>(200,619)</u>	<u>246,990</u>
Depreciable Capital Assets:				
Buildings and Improvements	15,071,448	207,257	0	15,278,705
Furniture & Equipment	<u>411,774</u>	<u>7,518</u>	<u>0</u>	<u>419,292</u>
	<u>15,483,222</u>	<u>214,775</u>	<u>0</u>	<u>15,697,997</u>
Less Accumulated Depreciation:				
Buildings and Improvements	11,537,426	396,744	0	11,934,170
Furniture & Equipment	<u>351,797</u>	<u>12,242</u>	<u>0</u>	<u>364,039</u>
	<u>11,889,223</u>	<u>408,986</u>	<u>0</u>	<u>12,298,209</u>
Net Depreciable Capital Assets	<u>3,593,999</u>	<u>(194,211)</u>	<u>0</u>	<u>3,399,788</u>
Total	\$ <u>4,005,428</u>	\$ <u>(158,031)</u>	\$ <u>(200,619)</u>	\$ <u>3,646,778</u>
 <i>Component Unit -</i>				
Balance			Balance	
<i>Lawton Support Services</i>	<u>6/30/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2017</u>
Non-depreciable Capital Assets:				
Land	\$ <u>1,150</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,150</u>
Depreciable Capital Assets:				
Buildings and Improvements	156,014	0	0	156,014
Furniture & Equipment	<u>19,342</u>	<u>0</u>	<u>0</u>	<u>19,342</u>
	<u>175,356</u>	<u>0</u>	<u>0</u>	<u>175,356</u>
Less Accumulated Depreciation:				
Buildings and Improvements	60,457	3,900	0	64,357
Furniture & Equipment	<u>19,341</u>	<u>0</u>	<u>0</u>	<u>19,341</u>
	<u>79,798</u>	<u>3,900</u>	<u>0</u>	<u>83,698</u>
Net Depreciable Capital Assets	<u>95,558</u>	<u>(3,900)</u>	<u>0</u>	<u>91,658</u>
Total	\$ <u>96,708</u>	\$ <u>(3,900)</u>	\$ <u>0</u>	\$ <u>92,808</u>

Depreciation expense for the year ending June 30, 2017 for the Housing Authority and the Component Unit is \$408,986 and \$3,900, respectively.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 – NOTES RECEIVABLE

Notes Receivable consists of balances owed by participants who have purchased scattered site homes from the Housing Authority through the Homeownership program. The notes are secured by the homes owned by the participants. The total amount due as of June 30, 2017 is \$197,910.

NOTE 7 - ACCRUED COMPENSATED ABSENCES

Accrued Compensated Absences consists of employee vacation and sick pay benefits which have been earned but not used. These benefits total \$49,355 of which \$14,298 is current and \$35,057 is long-term for Lawton Housing Authority and \$466 of which \$176 is current and \$290 is long term for Lawton Support Services. The current portion is anticipated to be used in the next twelve months with the long-term portion anticipated to be used after the next twelve months. The following is a summary of the long-term portion.

<i>Primary Government -</i>	Balance			Balance			Due Within
<i>Lawton Housing Authority</i>	<u>6/30/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2017</u>	<u>One Year</u>		
Accrued Compensated Absences	\$ 38,469	\$ 31,042	\$ 20,156	\$ 49,355	\$	<u>14,298</u>	
<i>Component Unit -</i>	Balance			Balance			Due Within
<i>Lawton Support Services</i>	<u>6/30/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2017</u>	<u>One Year</u>		
Accrued Compensated Absences	\$ 3,381	\$ 222	\$ 3,137	\$ 466	\$	<u>176</u>	

NOTE 8 – LONG-TERM DEBT

The Housing Authority owes a balance under a capital leasing program to PNCEF, LLC dba PNC Equipment Finance, payable in varying monthly payments. The amount remaining on the capital lease at June 30, 2017 is \$884,859. The current portion of this debt is \$67,217 and the long-term portion is \$817,642 with the final payment to be made in 2025.

NOTE 9 - INTER-PROGRAM TRANSFERS

During the year ending June 30, 2017, the Capital Fund Program transferred \$89,945 to the Low Rent Program for operations. For presentation of financial statements, this transfer has been eliminated.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The activities of the Housing Authority are currently funded in large part by the Federal Government and future operations of the Authority are reliant on continuation of this funding from the Federal Government. The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to the federal grantors and/or program beneficiaries. Although these amounts cannot be determined at this time, the Housing Authority expects such amounts to be immaterial.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 - RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions injuries to employees; and natural disasters for which the Housing Authority purchases commercial insurance. Management believes this coverage is sufficient to preclude any significant uninsured losses to the Housing Authority. Settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 12 - RETIREMENT

The Housing Authority participates in a defined contribution plan administered by the Housing Renewal and Local Agency Retirement Plan. The Housing Authority is required to contribute a minimum of 6% of annual covered payroll which is deferred and employees may make voluntary contributions. For the fiscal year, actual contributions by the Housing Authority and the participants are \$34,916 and \$24,810, respectively for a total of \$59,726. For the year ending June 30, 2016, actual contributions total \$56,482.

NOTE 13 - ECONOMIC DEPENDENCY

The Housing Authority receives a significant portion of its revenue from funds provided through federal grants. The grant amounts are appropriated each year at the federal level. If significant budget cuts occur at the federal level, the amount of funds the Housing Authority receives could be reduced substantially and have an adverse effect on its operations. Although management expects decreases in funding, significant adverse changes in services provided are not expected to occur by the Housing Authority.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Federal Expenditures</u>
<i>Direct Programs:</i>		
U.S. Department of Housing and Urban Development		
Public & Indian Housing	* 14.850	\$ 1,051,810
Housing Choice Vouchers	14.871	568,401
Shelter Plus Care	14.238	66,581
Capital Fund Program	14.872	<u>183,254</u>
Sub-total Direct Programs		1,870,046
<i>Pass-thru Programs thru City of Lawton</i>		
HOME Investment Partnerships Program	14.239	37,981
Community Development Block Grant	14.218	<u>9,653</u>
Total U.S. Department of Housing and Urban Development		\$ <u><u>1,917,680</u></u>

* Major Programs

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Housing Authority of the City of Lawton under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the entity, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Housing Authority of the City of Lawton.

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.

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	(LSS) 6.1 Component Unit	(LSS) 14.238 Shelter Plus Care
111 Cash - Unrestricted	\$143,464	\$272,808		\$130,668	
113 Cash - Other Restricted	\$0	\$12,280			
114 Cash - Tenant Security Deposits	\$59,616	\$0		\$200	
100 Total Cash	\$203,080	\$285,088	\$0	\$130,868	\$0
121 Accounts Receivable - PHA Projects	\$0	\$4,792			
122 Accounts Receivable - HUD Other Projects	\$109,286	\$0			\$5,577
124 Accounts Receivable - Other Government	\$0	\$0	\$7,228		
125 Accounts Receivable - Miscellaneous	\$1,102	\$0		\$324	
126 Accounts Receivable - Tenants	\$2,998	\$0		\$615	
126.1 Allowance for Doubtful Accounts -Tenants	-\$546	\$0		\$0	
129 Accrued Interest Receivable	\$744	\$0			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$113,584	\$4,792	\$7,228	\$939	\$5,577
131 Investments - Unrestricted	\$572,508	\$0			
142 Prepaid Expenses and Other Assets	\$86,970	\$2,090		\$1,541	
143 Inventories	\$13,735	\$0			
143.1 Allowance for Obsolete Inventories	-\$1,374	\$0			
144 Inter Program Due From	\$54,755	\$0		\$12,805	
145 Assets Held for Sale	\$0	\$0			
150 Total Current Assets	\$1,043,258	\$291,970	\$7,228	\$146,153	\$5,577
161 Land	\$246,991	\$0		\$1,150	
162 Buildings	\$14,845,584	\$0		\$156,014	
163 Furniture, Equipment & Machinery - Dwellings	\$64,798	\$0			
164 Furniture, Equipment & Machinery - Administration	\$345,159	\$7,851		\$15,163	\$4,180
166 Accumulated Depreciation	-\$12,250,184	-\$7,851		-\$79,519	-\$4,180
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,252,348	\$0	\$0	\$92,808	\$0
171 Notes, Loans and Mortgages Receivable - Non- Current	\$0	\$0			
180 Total Non-Current Assets	\$3,252,348	\$0	\$0	\$92,808	\$0
290 Total Assets and Deferred Outflow of Resources	\$4,295,606	\$291,970	\$7,228	\$238,961	\$5,577

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted		\$181,767	\$72,695	\$801,402	\$0	\$801,402
113 Cash - Other Restricted				\$12,280	\$0	\$12,280
114 Cash - Tenant Security Deposits		\$650		\$60,466	\$0	\$60,466
100 Total Cash	\$0	\$182,417	\$72,695	\$874,148	\$0	\$874,148
121 Accounts Receivable - PHA Projects				\$4,792	\$0	\$4,792
122 Accounts Receivable - HUD Other Projects				\$114,863	\$0	\$114,863
124 Accounts Receivable - Other Government	\$11,320			\$18,548	\$0	\$18,548
125 Accounts Receivable - Miscellaneous				\$1,426	\$0	\$1,426
126 Accounts Receivable - Tenants				\$3,613	\$0	\$3,613
126.1 Allowance for Doubtful Accounts -Tenants				-\$546	\$0	-\$546
129 Accrued Interest Receivable				\$744	\$0	\$744
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$11,320	\$0	\$0	\$143,440	\$0	\$143,440
131 Investments - Unrestricted				\$572,508	\$0	\$572,508
142 Prepaid Expenses and Other Assets				\$90,601	\$0	\$90,601
143 Inventories				\$13,735	\$0	\$13,735
143.1 Allowance for Obsolete Inventories				-\$1,374	\$0	-\$1,374
144 Inter Program Due From				\$67,560	-\$67,560	\$0
145 Assets Held for Sale		\$44,997		\$44,997	\$0	\$44,997
150 Total Current Assets	\$11,320	\$227,414	\$72,695	\$1,805,615	-\$67,560	\$1,738,055
161 Land				\$248,141	\$0	\$248,141
162 Buildings		\$433,124		\$15,434,722	\$0	\$15,434,722
163 Furniture, Equipment & Machinery - Dwellings				\$64,798	\$0	\$64,798
164 Furniture, Equipment & Machinery - Administration				\$372,353	\$0	\$372,353
166 Accumulated Depreciation		-\$38,694		-\$12,380,428	\$0	-\$12,380,428
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$394,430	\$0	\$3,739,586	\$0	\$3,739,586
171 Notes, Loans and Mortgages Receivable - Non-Current		\$197,910		\$197,910	\$0	\$197,910
180 Total Non-Current Assets	\$0	\$592,340	\$0	\$3,937,496	\$0	\$3,937,496
290 Total Assets and Deferred Outflow of Resources	\$11,320	\$819,754	\$72,695	\$5,743,111	-\$67,560	\$5,675,551

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	(LSS) 6.1 Component Unit	(LSS) 14.238 Shelter Plus Care
312 Accounts Payable <= 90 Days	\$17,559	\$324		\$61	
321 Accrued Wage/Payroll Taxes Payable	\$14,660	\$0			
322 Accrued Compensated Absences - Current Portion	\$13,797	\$501		\$176	
333 Accounts Payable - Other Government	\$20	\$0			
341 Tenant Security Deposits	\$59,616	\$0		\$200	
342 Unearned Revenue	\$7,620	\$2,899			
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$67,217	\$0			
346 Accrued Liabilities - Other	\$27,412	\$0			
347 Inter Program - Due To	\$0	\$11,695	\$7,228	\$29,351	\$5,577
310 Total Current Liabilities	\$207,901	\$15,419	\$7,228	\$29,788	\$5,577
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$817,642	\$0			
354 Accrued Compensated Absences - Non Current	\$34,200	\$857		\$290	
350 Total Non-Current Liabilities	\$851,842	\$857	\$0	\$290	\$0
300 Total Liabilities	\$1,059,743	\$16,276	\$7,228	\$30,078	\$5,577
508.4 Net Investment in Capital Assets	\$2,367,489	\$0	\$0	\$92,808	\$0
511.4 Restricted Net Position	\$0	\$12,280	\$0	\$0	\$0
512.4 Unrestricted Net Position	\$868,374	\$263,414	\$0	\$116,075	\$0
513 Total Equity - Net Assets / Position	\$3,235,863	\$275,694	\$0	\$208,883	\$0
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,295,606	\$291,970	\$7,228	\$238,961	\$5,577

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	14,239 HOME Investment Partnerships Program	8 Other Federal Program 1	2 State/Local	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days				\$17,944	\$0	\$17,944
321 Accrued Wage/Payroll Taxes Payable				\$14,660	\$0	\$14,660
322 Accrued Compensated Absences - Current Portion				\$14,474	\$0	\$14,474
333 Accounts Payable - Other Government				\$20	\$0	\$20
341 Tenant Security Deposits		\$650		\$60,466	\$0	\$60,466
342 Unearned Revenue				\$10,519	\$0	\$10,519
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$67,217	\$0	\$67,217
346 Accrued Liabilities - Other				\$27,412	\$0	\$27,412
347 Inter Program - Due To	\$11,320	\$2,389		\$67,560	-\$67,560	\$0
310 Total Current Liabilities	\$11,320	\$3,039	\$0	\$280,272	-\$67,560	\$212,712
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$817,642	\$0	\$817,642
354 Accrued Compensated Absences - Non Current				\$35,347	\$0	\$35,347
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$852,989	\$0	\$852,989
300 Total Liabilities	\$11,320	\$3,039	\$0	\$1,133,261	-\$67,560	\$1,065,701
508.4 Net Investment in Capital Assets	\$0	\$394,430	\$0	\$2,854,727		\$2,854,727
511.4 Restricted Net Position	\$0	\$0	\$0	\$12,280		\$12,280
512.4 Unrestricted Net Position	\$0	\$422,285	\$72,695	\$1,742,843		\$1,742,843
513 Total Equity - Net Assets / Position	\$0	\$816,715	\$72,695	\$4,609,850	\$0	\$4,609,850
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$11,320	\$819,754	\$72,695	\$5,743,111	-\$67,560	\$5,675,551

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	(LSS) 6.1 Component Unit	(LSS) 14.238 Shelter Plus Care
70300 Net Tenant Rental Revenue	\$516,822	\$0		\$17,156	
70400 Tenant Revenue - Other	\$31,590	\$0			
70500 Total Tenant Revenue	\$548,412	\$0	\$0	\$17,156	\$0
70600 HUD PHA Operating Grants	\$1,180,758	\$568,401			\$66,581
70610 Capital Grants	\$54,306	\$0			
70800 Other Government Grants	\$0	\$0	\$9,653		
71100 Investment Income - Unrestricted	\$3,027	\$308		\$126	
71200 Mortgage Interest Income	\$0	\$0			
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0			
71500 Other Revenue	\$15,131	\$142,699		\$27,602	
70000 Total Revenue	\$1,801,634	\$711,408	\$9,653	\$44,884	\$66,581
91100 Administrative Salaries	\$364,423	\$40,533		\$2,602	\$44,765
91200 Auditing Fees	\$11,700	\$1,040		\$260	
91400 Advertising and Marketing	\$702	\$0		\$250	
91500 Employee Benefit contributions - Administrative	\$147,827	\$9,569		\$1,004	\$13,328
91600 Office Expenses	\$38,047	\$1,868		\$2,096	\$1,617
91800 Travel	\$10,096	\$327		\$82	
91900 Other	\$58,285	\$3,119		\$18,017	\$6,871
91000 Total Operating - Administrative	\$631,080	\$56,456	\$0	\$24,311	\$66,581
92400 Tenant Services - Other	\$5,854	\$0		\$64	
92500 Total Tenant Services	\$5,854	\$0	\$0	\$64	\$0
93100 Water	\$56,363	\$0		\$37	
93200 Electricity	\$92,842	\$0			
93300 Gas	\$20,742	\$0			
93600 Sewer	\$47,287	\$0		\$15	
93000 Total Utilities	\$217,234	\$0	\$0	\$52	\$0

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	14,239 HOME Investment Partnerships Program	8 Other Federal Program 1	2 State/Local	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue		\$21,828		\$555,806	\$0	\$555,806
70400 Tenant Revenue - Other				\$31,590	\$0	\$31,590
70500 Total Tenant Revenue	\$0	\$21,828	\$0	\$587,396	\$0	\$587,396
70600 HUD PHA Operating Grants				\$1,815,740	\$0	\$1,815,740
70610 Capital Grants				\$54,306	\$0	\$54,306
70800 Other Government Grants	\$37,981			\$47,634	\$0	\$47,634
71100 Investment Income - Unrestricted		\$155	\$77	\$3,693	\$0	\$3,693
71200 Mortgage Interest Income		\$12,071		\$12,071	\$0	\$12,071
71300 Proceeds from Disposition of Assets Held for Sale		\$5,732		\$5,732	\$0	\$5,732
71500 Other Revenue				\$185,432	\$0	\$185,432
70000 Total Revenue	\$37,981	\$39,786	\$77	\$2,712,004	\$0	\$2,712,004
91100 Administrative Salaries	\$3,031	\$2,219		\$457,573	\$0	\$457,573
91200 Auditing Fees				\$13,000	\$0	\$13,000
91400 Advertising and Marketing				\$952	\$0	\$952
91500 Employee Benefit contributions - Administrative	\$232	\$170		\$172,130	\$0	\$172,130
91600 Office Expenses		\$5		\$43,633	\$0	\$43,633
91800 Travel				\$10,505	\$0	\$10,505
91900 Other		\$27		\$86,319	\$0	\$86,319
91000 Total Operating - Administrative	\$3,263	\$2,421	\$0	\$784,112	\$0	\$784,112
92400 Tenant Services - Other				\$5,918	\$0	\$5,918
92500 Total Tenant Services	\$0	\$0	\$0	\$5,918	\$0	\$5,918
93100 Water				\$56,400	\$0	\$56,400
93200 Electricity				\$92,842	\$0	\$92,842
93300 Gas				\$20,742	\$0	\$20,742
93600 Sewer				\$47,302	\$0	\$47,302
93000 Total Utilities	\$0	\$0	\$0	\$217,286	\$0	\$217,286

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	(LSS) 6.1 Component Unit	(LSS) 14.238 Shelter Plus Care
94100 Ordinary Maintenance and Operations - Labor	\$76,313	\$0			
94200 Ordinary Maintenance and Operations - Materials and Other	\$139,918	\$32		\$86	
94300 Ordinary Maintenance and Operations Contracts	\$422,929	\$0		\$1,044	
94500 Employee Benefit Contributions - Ordinary Maintenance	\$38,196	\$0			
94000 Total Maintenance	\$677,356	\$32	\$0	\$1,130	\$0
95300 Protective Services - Other	\$6,854	\$0			
95000 Total Protective Services	\$6,854	\$0	\$0	\$0	\$0
96110 Property Insurance	\$50,623	\$0		\$1,020	
96120 Liability Insurance	\$14,526	\$515		\$1,312	
96130 Workmen's Compensation	\$12,375	\$1,036		\$274	
96140 All Other Insurance	\$12,937	\$470		\$274	
96100 Total insurance Premiums	\$90,461	\$2,021	\$0	\$2,880	\$0
96200 Other General Expenses	\$186	\$2,436	\$9,653		
96210 Compensated Absences	\$27,441	\$748		\$222	
96300 Payments in Lieu of Taxes	\$10	\$0			
96400 Bad debt - Tenant Rents	\$6,216	\$0			
96000 Total Other General Expenses	\$33,853	\$3,184	\$9,653	\$222	\$0
96710 Interest of Mortgage (or Bonds) Payable	\$49,057	\$0			
96700 Total Interest Expense and Amortization Cost	\$49,057	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,711,749	\$61,693	\$9,653	\$28,659	\$66,581
97000 Excess of Operating Revenue over Operating Expenses	\$89,885	\$649,715	\$0	\$16,225	\$0

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	2 State/Local	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor				\$76,313	\$0	\$76,313
94200 Ordinary Maintenance and Operations - Materials and Other				\$140,036	\$0	\$140,036
94300 Ordinary Maintenance and Operations Contracts		\$995		\$424,968	\$0	\$424,968
94500 Employee Benefit Contributions - Ordinary Maintenance				\$38,196	\$0	\$38,196
94000 Total Maintenance	\$0	\$995	\$0	\$679,513	\$0	\$679,513
95300 Protective Services - Other				\$6,854	\$0	\$6,854
95000 Total Protective Services	\$0	\$0	\$0	\$6,854	\$0	\$6,854
96110 Property Insurance				\$51,643	\$0	\$51,643
96120 Liability Insurance				\$16,353	\$0	\$16,353
96130 Workmen's Compensation				\$13,685	\$0	\$13,685
96140 All Other Insurance				\$13,681	\$0	\$13,681
96100 Total insurance Premiums	\$0	\$0	\$0	\$95,362	\$0	\$95,362
96200 Other General Expenses				\$12,275	\$0	\$12,275
96210 Compensated Absences				\$28,411	\$0	\$28,411
96300 Payments in Lieu of Taxes		\$1,220		\$1,230	\$0	\$1,230
96400 Bad debt - Tenant Rents				\$6,216	\$0	\$6,216
96000 Total Other General Expenses	\$0	\$1,220	\$0	\$48,132	\$0	\$48,132
96710 Interest of Mortgage (or Bonds) Payable				\$49,057	\$0	\$49,057
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$49,057	\$0	\$49,057
96900 Total Operating Expenses	\$3,263	\$4,636	\$0	\$1,886,234	\$0	\$1,886,234
97000 Excess of Operating Revenue over Operating Expenses	\$34,718	\$35,150	\$77	\$825,770	\$0	\$825,770

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	Project Total	14.871 Housing Choice Vouchers	14.218 Community Development Block Grants/Entitlement Grants	(LSS) 6.1 Component Unit	(LSS) 14.238 Shelter Plus Care
97100 Extraordinary Maintenance	\$24,785	\$0			
97200 Casualty Losses - Non-capitalized	\$3,741	\$0			
97300 Housing Assistance Payments	\$0	\$508,034			
97350 HAP Portability-In	\$0	\$134,019			
97400 Depreciation Expense	\$398,157	\$0		\$3,900	
90000 Total Expenses	\$2,138,432	\$703,746	\$9,653	\$32,559	\$66,581
10010 Operating Transfer In	\$89,945	\$0			
10020 Operating transfer Out	-\$89,945	\$0			
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$336,798	\$7,662	\$0	\$12,325	\$0
11020 Required Annual Debt Principal Payments	\$60,943	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$3,572,661	\$268,032	\$0	\$196,558	\$0
11170 Administrative Fee Equity		\$263,414			
11180 Housing Assistance Payments Equity		\$12,280			
11190 Unit Months Available	3517	1102	0	20	0
11210 Number of Unit Months Leased	3466	994	0	20	0
11270 Excess Cash	\$596,631				
11620 Building Purchases	\$48,848				
11640 Furniture & Equipment - Administrative Purchases	\$7,943				

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
FINANCIAL DATA SCHEDULE
JUNE 30, 2017**

	14.239 HOME Investment Partnerships Program	8 Other Federal Program 1	2 State/Local	Subtotal	ELIM	Total
97100 Extraordinary Maintenance				\$24,785	\$0	\$24,785
97200 Casualty Losses - Non-capitalized				\$3,741	\$0	\$3,741
97300 Housing Assistance Payments	\$34,718			\$542,752	\$0	\$542,752
97350 HAP Portability-In				\$134,019	\$0	\$134,019
97400 Depreciation Expense		\$10,828		\$412,885	\$0	\$412,885
90000 Total Expenses	\$37,981	\$15,464	\$0	\$3,004,416	\$0	\$3,004,416
10010 Operating Transfer In				\$89,945	-\$89,945	\$0
10020 Operating transfer Out				-\$89,945	\$89,945	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	\$24,322	\$77	-\$292,412	\$0	-\$292,412
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$60,943		\$60,943
11030 Beginning Equity	\$0	\$792,393	\$72,618	\$4,902,262	\$0	\$4,902,262
11170 Administrative Fee Equity				\$263,414		\$263,414
11180 Housing Assistance Payments Equity				\$12,280		\$12,280
11190 Unit Months Available	84	36		4759	0	4759
11210 Number of Unit Months Leased	84	36		4600	0	4600
11270 Excess Cash				\$596,631		\$596,631
11620 Building Purchases				\$48,848		\$48,848
11640 Furniture & Equipment - Administrative Purchases				\$7,943		\$7,943

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
SCHEDULE OF ACTUAL MODERNIZATION COST
FOR THE YEAR ENDED JUNE 30, 2017**

The distribution of costs by major cost accounts as shown on the final Comprehensive Assessment/Program Budget and the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.

	<u>OK56P00550113</u>
Original Funds Approved	\$ <u><u>307,469</u></u>
Funds Disbursed	\$ <u><u>307,469</u></u>
Funds Expended (Actual Modernization Cost)	\$ <u><u>307,469</u></u>
Amount to be Recaptured	\$ <u><u> </u></u>
Excess of Funds Disbursed	\$ <u><u> </u></u>

CYNTHIA L WARREN CPA, P.C.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

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

I have audited, 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, the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows of the Housing Authority of the City of Lawton, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the financial statements and have issued my report thereon dated March 15, 2018.

Internal Control Over Financial Reporting

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

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

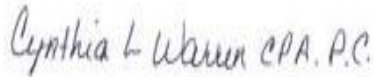
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material deficiencies or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 financial statements are free of material misstatement, I performed tests of 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 statements amounts. However providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the housing 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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cynthia L Warren CPA, P.C.
Eufaula, Oklahoma
March 15, 2018

CYNTHIA L WARREN CPA, P.C.

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

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

Report on Compliance for Each Major Federal Program

I have audited the compliance of the Housing Authority of the City of Lawton with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Lawton's major federal programs for the year ended June 30, 2017. The Housing Authority of the City of Lawton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Lawton's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Lawton's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Lawton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal award 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 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 the attention by those charge with governance.

My consideration of internal control was for the limited purpose as 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of my testing based on the requirements of The Uniform Guidance. Accordingly, this report is not suitable or any other purpose.

Cynthia L Warren CPA, P.C.

Cynthia L Warren CPA, P.C.
Eufaula, Oklahoma
March 15, 2018

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal Control over financial reporting:	
• Material weakness identified?	No
• Significant deficiencies identified:	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
• Material weakness identified?	No
• Significant deficiencies identified:	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
#14.850 Public and Indian Housing	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**HOUSING AUTHORITY OF THE CITY OF LAWTON
LAWTON, OKLAHOMA
SCHEDULE OF SUMMARY STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

The prior report on the audit of the financial statements as of and for the twelve months ended June 30, 2016, contained no findings.