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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

February 12, 2016

Board of Directors
City of Richmond Housing Authority
58 South 15th Street
Richmond, IN 47374

We have reviewed the audit report prepared by Goldie Roberts, CPA, Independent Public Accountant, for the period July 1, 2013 to June 30, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the City of Richmond Housing Authority, as of June 30, 2014 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountant's report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF RICHMOND

AUDITED FINANCIAL STATEMENTS

Richmond, Indiana

June 30, 2014

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120
812-472-3527

870 Cinderella Court
Decatur, GA 30033
404-297-9881

HOUSING AUTHORITY OF THE
CITY OF RICHMOND

Richmond, Indiana
June 30, 2014

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Richmond
58 South Fifteenth Street
Richmond, IN 47374

Report on the Financial Statements

I have audited the accompanying financial statements of the Housing Authority of the City of Richmond ("the Authority") which comprise the Statement of Net Position as of June 30, 2014, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the City of Richmond's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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 Richmond as of June 30, 2014, and the changes in financial position and cash flows thereof 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 i through viii be presented to supplement the financial statements. Such information, although not a 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 operational, economic, or historical context. I 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 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 me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule, Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States Local Governments and Non-Profit Organizations*, and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

In regard to, the Financial Data Schedule, Schedule of Expenditures of Federal Awards, and the other supplemental information as listed in the table of contents, 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. Such 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 as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 24, 2015 on my consideration of the Housing Authority of the City of Richmond's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Richmond's internal control over financial reporting and compliance

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
March 24, 2015

**Housing Authority of the City of Richmond
Richmond, Indiana**

**Management's Discussion and Analysis
June 30, 2014**

Management's Discussion And Analysis

The Housing Authority City of Richmond's management discussion and analysis of the HACR financial statements including a narrative overview and discussion of the financial activities of the HACR for years and periods ending June 30, 2013 vs. June 30, 2014.

The MD&A is specifically designed to: 1.) assist the reader in focusing on significant financial issues; 2.) provide a broad scope overview of the HACR's financial activities; 3.) identify and explain changes in the HACR's financial position from 2013 to 2014; and 4.) highlight any individual funding source issues or concerns.

Since the MD&A is designed to present basic financial in a narrative, executive summary format, the reader is encouraged to consider the information presented here in conjunction with the HACR's audited financial statements.

Questions concerning any of the information provided in this report or request for additional information should be addressed to Mr. Derek White, Executive Director, Housing Authority City of Richmond, 58 S 15th St., Richmond, IN 47374.

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (a) fund financial statements and (b) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

**Housing Authority of the City of Richmond
Richmond, Indiana**

**Management's Discussion and Analysis
June 30, 2014
(Continued)**

Reporting On The Housing Authority As A Whole

One of the most important questions asked about the Authority's finances are, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2014." The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Financial Highlights

- HACR's total assets decreased by \$2,070,198 from 2013 to 2014. The reduction in total assets was due to the large change in net capital assets and other current assets.
- Total liabilities increased by \$31,439 which was created by increases in accounts payable, current liabilities and non-current liabilities.
- Total net position decreased by \$2,038,759 due to a reduction in net investment in capital assets, unrestricted as well as restricted .
- Agency revenues grew by \$507,463 because of a sizeable increase in HUD Capital funds.
- The overall collective effect on operating expenses from 2013 to 2014 was a small decrease of \$17,314 due to an expense reduction in all categories except administrative cost, utility, HAP payments and collection loss.
- Total capital assets were diminished by \$ 821,184 from 2013 to 2014 because the sizeable losses created from decreases in buildings and equipment and furniture values.
- The Agency realized a net operating gain of \$ 490,149 because of an increase in HACR revenues of \$537,084, which was partially off-set by a small increase in operating expenses of \$17,314.

**Housing Authority of the City of Richmond
Richmond, Indiana**

**Management's Discussion and Analysis
June 30, 2014
(Continued)**

Fund Financial Statements

All of the funds of the Housing 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 Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net position and changes in them. One can think of the Housing Authority's net position - the difference between assets and liabilities - as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

Using This Annual Report

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant funds, the Low Rent Housing Program, Section 8 Housing Choice Voucher Program, NSP Homes and Public Housing Capital Fund Program.

The Housing Authority auditors provided assurance in their independent auditors' report, located immediately preceding the MD&A, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

**Housing Authority of the City of Richmond
Richmond, Indiana**

**Management's Discussion and Analysis
June 30, 2014
(Continued)**

Reporting The Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds. All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net position, is an important financial indicator. The statements evaluated include:

- Statement of Net Position— reports the Authority's current financial resources (short term spendable resources) with capital assets and current obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Position reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses.
- Statement of Capital Assets – reports the Authority's activities to improve and/or expand its assets and reflects current renovation efforts and accumulated depreciation.

The following analysis of the entity wide financial statement is provided to assist the reader of our financial statements.

The HACR maintains its books and records utilizing the accrual basis of accounting. Accrual accounting recognizes revenues and expenses when earned regardless of when cash is received or paid.

The following is a description of the programs and services that the authority provides for the residents of the Housing Authority City of Richmond:

**Housing Authority of the City of Richmond
Richmond, Indiana**

**Management's Discussion and Analysis
June 30, 2014
(Continued)**

Low Income Public Housing

The HACR owns approximately 304 units in four developments in the City of Richmond. Merle Henderson contains 104 elderly/disabled units, Southview Heights has 50 family units, Jerry Geier Apartments has 50 family units and Bobby Smith Apartments has 100 family units. The Authority is responsible for the management, maintenance and utilities for all units and sites. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has an allowable Operating Expense Level, Allowable utilities Expenses Level and Audit Costs that becomes the Authority's Total Allowable Expenses. HUD will fund the difference between the Total Allowable Expenses and the amount of rents that the Authority can charge their tenants based upon HUD eligibility calculation. The funds are utilized to provide safe, affordable, clean housing to the residents of the City of Richmond, Indiana.

Section 8 Housing Choice Voucher Program

This grant program provides Housing Assistance Payments to Landlords who participate in the program. Qualifying tenants to the program have their income analyzed utilizing HUD's guidelines and their rent are assessed accordingly. The balance between the differences of the allowable rent amount set by HUD and the tenant's contribution is equal to the Housing Assistance Payment.

Capital Fund Program

This grant program is awarded by HUD on an annual basis. The purposes of this grant is to maintain the physical improvements of the Authority's sites and the administrative management to ensure those improvements are completed in the most effective and efficient manner. The Authority requisitions funds from HUD as the Authority expends funds.

The Neighborhood Stabilization Program Homes (NSP)

The Neighborhood Stabilization Program Homes (NSP) consists of 10 houses that the City of Richmond deeded to HACR for affordable rental housing. These houses are currently not part of HACR's ACC agreement with HUD.

**Housing Authority of the City of Richmond
Richmond, Indiana**

**Management's Discussion and Analysis
June 30, 2014
(Continued)**

Authority-Wide Condensed Financial Statements

Statement of Net Position

Current & Other Assets	2014	2013	Change
Cash & Cash Equivalents	\$ 1,512,984	\$1,843,311	\$ (330,327)
Capital Assets (Net)	<u>5,188,401</u>	<u>5,086,376</u>	<u>102,025</u>
Total Assets	<u>\$ 6,701,385</u>	<u>\$6,929,687</u>	<u>\$ (228,302)</u>
Liabilities			
Current Liabilities	\$ 159,437	\$ 133,726	\$ 25,711
Non-Current Liabilities	<u>50,547</u>	<u>43,197</u>	<u>7,350</u>
Total Liabilities	<u>\$ 209,984</u>	<u>\$ 176,923</u>	<u>\$ 33,061</u>
Net Position			
Investment in Capital Assets	\$ 5,188,401	\$5,086,376	\$ 102,025
Unrestricted	779,959	73,071	706,888
Restricted	<u>523,041</u>	<u>1,593,317</u>	<u>(1,070,276)</u>
Total Equity/Net Position	<u>\$ 6,491,401</u>	<u>\$6,752,764</u>	<u>\$ (261,363)</u>

Major Factors affecting the statement of Net Position

Total Equity/Net Position for FYE 2014 are \$4,859,489 and at FYE 2013 the amount was \$6,929,687. This represents a decrease of \$2,070,198 for which the major reasons were the size reductions in net capital assets and other current assets.

Total liabilities decreased by \$31,439 with the major impact due to non-current liabilities which diminished by \$18,535.

Net Position diminished by \$2,038,759 from 2013 to 2014 with the major reasons being the decrease of investments in capital assets of \$1,094,129 as well as decrease in both restricted and unrestricted.

**Housing Authority of the City of Richmond
Richmond, Indiana**

**Management's Discussion and Analysis
June 30, 2014
(Continued)**

Statement of Agency Wide Revenues, Expenses, and Changes in Fund
Net Position

Statement of Revenues

Source	2014	2013	Change
Public Housing Rental	\$ 413,779	\$ 364,556	\$ 49,223
HUD Operating Subsidy	1,797,155	1,848,628	(51,473)
HUD Capital Fund	872,762	165,553	707,209
Other Income	29,665	228,582	(198,917)
Gain/Loss on sale of Capital Assets	<u>0</u>	<u>(1,421)</u>	<u>1,421</u>
Total Revenues	<u>\$ 3,113,361</u>	<u>\$ 2,605,898</u>	<u>\$ 507,463</u>

The major impact to revenues for 2014 was the large amount of capital funds utilized during the year. The total increase was \$507,463 more in 2014 which was diminished by a reduction in other income of \$198,917 and HUD operating subsidy by \$51,473.

Statement of Expenses

Activity	2014	2013	Change
Administrative	\$ 630,399	\$ 623,434	\$ 6,965
Tenant Services	1,297	4,048	(2,751)
Utilities	287,510	285,603	1,907
Maintenance	540,431	629,221	(88,790)
Insurance	56,419	0	56,419
Housing Assistance Payment	1,078,743	895,211	183,532
Depreciation	392,863	442,518	(49,655)
General Expense	17,776	128,119	(110,343)
Collection Loss	<u>20,030</u>	<u>0</u>	<u>20,030</u>
Total Expenses	<u>\$ 3,025,468</u>	<u>\$ 3,008,154</u>	<u>\$ 17,314</u>

Total increase in operating expense from 2014 to 2013 was only \$17,314 which is only a 0.6% increase. The majority difference was the increases in the Housing Assistance Payment which off-set the entirety of the negative accounts. The combination of an increase in Total Revenue by \$507,463 and a very small increase in Total Operating expense of \$17,314 resulted in a net operating gain of \$490,149 from 2014 vs. 2013.

**Housing Authority of the City of Richmond
Richmond, Indiana**

**Management's Discussion and Analysis
June 30, 2014
(Continued)**

Statement of Capital Assets

Source	2014	2013	Change
Land	\$ 1,368,387	\$ 1,368,387	\$ 0
Buildings	15,151,043	14,881,713	269,330
Equipment And Furniture	811,121	753,423	57,698
Construction In Progress	555,171	350,412	204,759
Accumulated Depreciation	(12,697,321)	(12,267,559)	(429,762)
Total Assets	<u>\$ 5,188,401</u>	<u>\$ 5,086,376</u>	<u>\$ 102,025</u>

Land and construction in progress from capital fund activities has increased by \$204,759. Buildings, equipment and furniture have increased by \$269,330. HACR's net property and equipment value increased by \$102,025.

Economic Factors

The Housing Authority's primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for 2014 fiscal year have already been submitted to HUD for approval and no major changes are expected.

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates.
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental.
- Income Inflationary pressure on utility rates, supplies and other costs.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

STATEMENT OF NET POSITION

JUNE 30, 2014

ASSETS

Current Assets

Cash and cash equivalents	\$	776,917
Restricted cash and cash equivalents		647,167
Accounts receivable, net		31,544
Prepaid expenses		44,985
Inventory, net		12,371
Current Assets		<u>1,512,984</u>

Capital Assets

Land and other nondepreciable assets		1,923,558
Depreciable capital assets, net		3,264,843
Total Capital Assets		<u>5,188,401</u>

Total Assets **6,701,385**

LIABILITIES

Current liabilities

Accounts payable		38,858
Accrued liabilities		43,915
Payable from restricted cash and cash equivalents:		
Tenants security deposits		52,002
Unearned revenue		24,662
Total Current Liabilities		<u>159,437</u>

Noncurrent liabilities 50,547

Total Liabilities **209,984**

NET POSITION

Investment in capital assets		5,188,401
Restricted		523,041
Unrestricted		779,959
Total Net Position	\$	<u><u>6,491,401</u></u>

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

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

Rental income	\$	354,868
Other income		15,466
		370,334

TOTAL OPERATING REVENUE

OPERATING EXPENSES

Administrative		624,622
Tenant services		5,451
Utilities		293,589
Ordinary maintenance and operation		555,853
Protective services		0
General expense		103,783
Housing Assistance Payments		1,078,743
Depreciation expense		429,761
		3,091,802

TOTAL OPERATING EXPENSES

OPERATING INCOME (LOSS) (2,721,468)

NONOPERATING REVENUES

Federal operating grants		1,910,337
Gain or loss on sale of capital assets		0
Interest income		20,923
		1,931,260

NET NONOPERATING REVENUES

CAPITAL CONTRIBUTIONS 528,845

CHANGE IN NET POSITION (261,363)

TOTAL NET POSITION - BEGINNING OF YEAR 6,752,764

TOTAL NET POSITION - END OF YEAR \$ 6,491,401

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

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	362,801
Payments to vendors		(780,401)
Payments to landlords		(1,078,743)
Payments to employees		(733,847)
Net Cash Used by Operating Activities		(2,230,190)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grants received		1,910,337
Net Cash From Noncapital Financing Activities		1,910,337

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received		528,845
Acquisition and construction of capital assets		(531,786)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		(2,941)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		20,923
Net Cash From Investing Activities		20,923

Net Increase in Cash and Cash Equivalents		(301,871)
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Cash - Beginning of year		1,725,955
Cash - End of year	\$	1,424,084

Reconciliation of Deposits:

Cash and cash equivalents	\$	776,917
Restricted cash and cash equivalents		647,167
Total Deposits	\$	1,424,084

Continued

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

RECONCILIATION OF OPERATING (LOSS) TO
NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss)	\$	(2,721,468)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation		429,761
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		28,797
Prepaid expenses		(93)
Inventory		(248)
Increase (Decrease) in:		
Accounts payable		14,976
Accrued liabilities		19,015
Unearned revenue		(930)
Net Cash Used by Operating Activities	\$	<u>(2,230,190)</u>

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

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE CITY OF RICHMOND ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the City of Richmond, a primary government. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the Housing Authority of the City of Richmond include the following:

<u>Project</u>	<u>Units</u>
Authority owned	304
HACR Rentals Inc.	9
Homeownership Opportunities Program (HOOP)	3
Housing Assistance Payments Program:	
Housing Choice Vouchers	<u>273</u>
Total	<u>589</u>

Basis of Presentation and Accounting: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

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. Such assets include assets restricted for capital acquisitions and debt service.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Unrestricted: Net position that are 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.

Accounting Policies - The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of Enterprise Accounting - The Authority presents its financial statements using enterprise accounting, as allowed by governments. Although the Authority accounts for its programs using accounts for its internal reporting, the Authority is considered to be a unified enterprise fund for reporting purposes. Accordingly, the Authority uses the economic resources measurement focus and the related accrual basis of accounting. Under the economic resources measurement focus, the Authority accounts for all assets and liabilities. Under the accrual basis of accounting expenses are recorded when the goods and services are received, irrespective of when paid for, and revenues are recorded as earned, irrespective of when cash is received.

Budgets - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to actual presentation is not presented because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Deposits consist of checking accounts and Certificates of Deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid cash deposits and cash equivalents with a maturity of three months or less when purchased and non negotiable Certificates of Deposit to be cash equivalents. There were no noncash investing, capital, and financing activities during the year.

Tenant Receivables - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond June 30, 2014.

Inventories - Inventories are valued at cost, which approximates market value. The Authority uses the average cost method.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Capital assets - Capital assets purchased are recorded on the Statement of Net Position at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$1,000 or more. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of capital assets is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Buildings and Improvements	10-40 years
Furniture, Equipment and Machinery	5 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such events take place.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and/or services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Restricted Assets - When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, and then restricted resources as they are needed.

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 liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE B - Deposits, Cash and Cash Equivalents: (Continued)

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

2. Risk Disclosures

A. **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 the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At June 30, 2014, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

B. **Credit Risk:** This is a 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. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

C. **Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

The carrying amounts of the Authority's cash deposits were \$1,424,084 at June 30, 2014. Bank balances before reconciling items were \$1,429,178 at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name except as noted above.

Deposits consist of the following:

Deposits in Bank	\$ 658,045
Certificates of Deposit	<u>766,039</u>
Total	<u>\$ 1,424,084</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2014, consist of the following:

Tenant accounts receivable, net of allowance for doubtful accounts of \$45,983	\$ 15,810
Fraud recovery, net of allowance of \$37,231	12,411
Miscellaneous accounts receivable	2,478
HUD	<u>845</u>
Total	<u>\$ 31,544</u>

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2014, consist of the following:

Prepaid insurance	<u>\$ 44,985</u>
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HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE E - Inventory:

Inventory at June 30, 2014, consist of the following:

Materials and supplies \$ 12,371

Materials inventories are recorded at cost. The FIFO inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 6/30/13	Increases	Decreases	Ending Balance 6/30/14
Capital assets, not being depreciated:				
Land	\$ 1,368,387	\$ 0	\$ 0	\$ 1,368,387
Construction in Progress	<u>350,412</u>	<u>528,845</u>	<u>(324,086)</u>	<u>555,171</u>
Total Capital Assets, not being depreciated	<u>1,718,799</u>	<u>528,845</u>	<u>(324,086)</u>	<u>1,923,558</u>
Capital Assets, being depreciated:				
Buildings & Improvements	14,881,713	269,330	0	15,151,043
Furniture, equipment & Machinery	<u>753,423</u>	<u>57,698</u>	<u>0</u>	<u>811,121</u>
Total Capital Assets, being depreciated	<u>15,635,136</u>	<u>327,028</u>	<u>0</u>	<u>15,962,164</u>
Capital Assets, being depreciated:				
Buildings and Improvements	(11,492,836)	(403,976)	0	(11,896,812)
Furniture, equipment & Machinery	<u>(774,723)</u>	<u>(25,786)</u>	<u>0</u>	<u>(800,509)</u>
Less Accumulated Depreciation:	<u>(12,267,559)</u>	<u>(429,762)</u>	<u>0</u>	<u>(12,697,321)</u>
Total Capital Assets, being depreciated, net	<u>3,367,577</u>	<u>(102,734)</u>	<u>0</u>	<u>3,264,843</u>
Capital Assets, Net	<u>\$ 5,086,376</u>	<u>\$ 426,111</u>	<u>\$ (324,086)</u>	<u>\$ 5,188,401</u>

Major construction renovation through the Capital Fund Grant Program costs of \$262,241 that has yet to be expended under the current programs. HUD has approved funding for the above amount.

Depreciation expense of \$429,762 was incurred during the year.

NOTE G - Accounts Payable:

Accounts Payable at June 30, 2014, consists of the following:

Accounts Payables \$ 38,858

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE H - Accrued Liabilities:

Accrued liabilities at June 30, 2014, consist of the following:

Accrued compensated absences	\$ 29,995
Accrued Payroll and Withholdings	<u>13,920</u>
Total	<u>\$ 43,915</u>

NOTE I - Unearned Revenue:

Unearned revenue at June 30, 2014, consists of the following:

Prepaid rent and other deferred revenue	<u>\$ 24,662</u>
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NOTE J - Noncurrent liabilities:

Noncurrent liabilities at June 30, 2014, consist of the following:

	<u>06/30/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/14</u>
Home Buyer Reserves	<u>\$ 43,197</u>	<u>\$ 7,350</u>	<u>\$ 0</u>	<u>\$ 50,547</u>

NOTE K - Commitments and Contingencies:

Litigation - At June 30, 2014, the Authority was not involved in any threatened litigation.

Examinations - The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years.

Grant Disallowances - Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, would constitute a liability of the Authority. The amounts, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects - There are certain major construction projects in progress at June 30, 2014. These include modernizing rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred. These costs will be paid by grants committed to the Authority by HUD. The Authority had outstanding construction commitments of \$260,544 pertaining to its Capital Fund Program.

NOTE L - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management, which includes public officials, workman's compensation, property, and auto insurance. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

The Authority participates in public entity risk pools (Housing Authorities Risk Retention Group) for general liability, and Directors' and Officers' liability and workman's compensation. Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE M - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. These subsidy contribution for the operating year ended June 30, 2014 were as follows:

Low Income Public Housing	\$ 884,279
Capital Fund Program	115,292
Housing Choice Vouchers	<u>910,766</u>
Total	<u>\$ 1,910,337</u>

NOTE N - Capital Contributions:

The Authority receives capital grants from HUD for capital fund program improvements. Capital contributions for the fiscal year ended June 30, 2014 were \$528,845.

NOTE O - Economic Dependency:

The Authority receives approximately 87% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE P - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Authority.

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

NOTE Q - Pension Plan:

The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan (IRA-SEP plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate six months after the date of employment. The plan requires the Housing Authority to contribute 14.5% of covered wages. The Housing Authority's contributions for each employee are vested immediately. In fiscal year 2014, the Housing Authority contributed \$71,678.

Basis of Accounting - The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

COMBINING SCHEDULE OF PROGRAM NET POSITION

JUNE 30, 2014

	Annual Contributions Contracts		
	C-853	C-853	IN009
	Low	Capital	Section 8
	Income	Fund	Vouchers
	Public Housing	Programs	
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 301,351	\$ 0	\$ 162,079
Restricted cash and cash equivalents	596,620	0	0
Accounts receivable, net	22,139	0	8,922
Prepaid expenses	41,179	0	1,172
Interfund	0	0	0
Inventory, net	11,288	0	0
Total Current Assets	972,577	0	172,173
<u>Capital Assets</u>			
Land and other nondepreciable assets	1,416,765	0	0
Depreciable capital assets, net	2,847,582	0	95
Total Capital Assets	4,264,347	0	95
Total Assets	5,236,924	0	172,268
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	33,740	0	687
Accrued liabilities	26,264	0	7,128
Interfund	0	0	0
Payable from restricted cash and cash equivalents:			
Tenants security deposits	48,917	0	0
Unearned revenue	24,662	0	0
Total Current Liabilities	133,583	0	7,815
<u>Noncurrent liabilities</u>	0	0	0
Total Liabilities	133,583	0	7,815
<u>NET POSITION</u>			
Investment in capital assets	4,264,347	0	95
Restricted	523,041	0	0
Unrestricted	315,953	0	164,358
Total Net Position	\$ 5,103,341	\$ 0	\$ 164,453

Homeless Prevention Program	State/ Local	Business Activities	Central Office Cost Center	Interfund Elimination	Total
\$ 0	\$ 37,432	\$ 86,503	\$ 189,552	\$ 0	\$ 776,917
0	0	50,547	0	0	647,167
0	0	483	0	0	31,544
0	802	523	1,309	0	44,985
0	0	0	2,469	(2,469)	0
0	0	0	1,083	0	12,371
<u>0</u>	<u>38,234</u>	<u>138,056</u>	<u>194,413</u>	<u>(2,469)</u>	<u>1,512,984</u>
0	32,000	442,962	31,831		1,923,558
0	251,864	130,507	34,795		3,264,843
<u>0</u>	<u>283,864</u>	<u>573,469</u>	<u>66,626</u>	<u>0</u>	<u>5,188,401</u>
<u>0</u>	<u>322,098</u>	<u>711,525</u>	<u>261,039</u>	<u>(2,469)</u>	<u>6,701,385</u>
0	885	350	3,196	0	38,858
0	0	0	10,523	0	43,915
0	0	2,469	0	(2,469)	0
0	3,085	0	0	0	52,002
0	0	0	0	0	24,662
<u>0</u>	<u>3,970</u>	<u>2,819</u>	<u>13,719</u>	<u>(2,469)</u>	<u>159,437</u>
<u>0</u>	<u>0</u>	<u>50,547</u>	<u>0</u>	<u>0</u>	<u>50,547</u>
<u>0</u>	<u>3,970</u>	<u>53,366</u>	<u>13,719</u>	<u>(2,469)</u>	<u>209,984</u>
0	283,864	573,469	66,626	0	5,188,401
0	0	0	0	0	523,041
0	34,264	84,690	180,694	0	779,959
<u>\$ 0</u>	<u>\$ 318,128</u>	<u>\$ 658,159</u>	<u>\$ 247,320</u>	<u>\$ 0</u>	<u>\$ 6,491,401</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

COMBINING SCHEDULE OF REVENUES, EXPENSES ANDE PROGRAM CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Annual Contributions		
	C-853	C-853	IN009
	Low Income Public Housing	Capital Fund Programs	Section 8 Vouchers
<u>OPERATING REVENUES</u>			
Rental income	\$ 305,792	\$ 0	\$ 0
Other income	11,340	0	2,210
TOTAL OPERATING REVENUE	317,132	0	2,210
<u>OPERATING EXPENSES</u>			
Administrative	502,741	0	155,298
Tenant services	5,481	0	0
Utilities	287,239	0	1,296
Ordinary maintenance and operation	527,542	0	2,225
General expense	82,635	0	5,778
Housing Assistance Payments	0	0	1,078,743
Depreciation expense	408,482	0	77
TOTAL OPERATING EXPENSES	1,814,120	0	1,243,417
OPERATING INCOME (LOSS)	(1,496,988)	0	(1,241,207)
<u>NONOPERATING REVENUES</u>			
Federal operating grants	884,279	115,292	910,766
Interest income	18,764	0	166
NET NONOPERATING REVENUES	903,043	115,292	910,932
CAPITAL CONTRIBUTIONS	0	528,845	0
CHANGE IN NET POSITION	(593,945)	644,137	(330,275)
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	5,536,688	0	11,189
Equity transfers	160,598	(644,137)	483,539
TOTAL NET POSITION - BEGINNING OF YEAR as restated	5,697,286	(644,137)	494,728
TOTAL NET POSITION - END OF YEAR	\$ 5,103,341	\$ 0	\$ 164,453

Contracts

Homeless Prevention Program	State/ Local	Business Activities	Central Office Cost Center	Interfund Elimination	Total
\$ 0	\$ 45,026	\$ 4,050	\$ 0	\$ 0	\$ 354,868
0	0	0	259,102	(257,186)	15,466
<u>0</u>	<u>45,026</u>	<u>4,050</u>	<u>259,102</u>	<u>(257,186)</u>	<u>370,334</u>
0	5,203	1,110	217,426	(257,156)	624,622
0	0	0	0	(30)	5,451
0	270	0	4,784	0	293,589
0	10,665	1,188	14,233	0	555,853
0	5,808	574	8,988	0	103,783
0	0	0	0	0	1,078,743
0	6,771	7,549	6,882	0	429,761
<u>0</u>	<u>28,717</u>	<u>10,421</u>	<u>252,313</u>	<u>(257,186)</u>	<u>3,091,802</u>
<u>0</u>	<u>16,309</u>	<u>(6,371)</u>	<u>6,789</u>	<u>0</u>	<u>(2,721,468)</u>
0	0	0	0	0	1,910,337
0	14	1,159	820	0	20,923
<u>0</u>	<u>14</u>	<u>1,159</u>	<u>820</u>	<u>0</u>	<u>1,931,260</u>
0	0	0	0	0	528,845
<u>0</u>	<u>16,323</u>	<u>(5,212)</u>	<u>7,609</u>	<u>0</u>	<u>(261,363)</u>
0	301,805	663,371	239,711	0	6,752,764
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>301,805</u>	<u>663,371</u>	<u>239,711</u>	<u>0</u>	<u>6,752,764</u>
<u>\$ 0</u>	<u>\$ 318,128</u>	<u>\$ 658,159</u>	<u>\$ 247,320</u>	<u>\$ 0</u>	<u>\$ 6,491,401</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND

Richmond, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED

JUNE 30, 2014

Annual Contributions Contract C-853

1. The Capital Fund Grant Costs are as follows:

	<u>501-10</u>
Funds Approved	\$ 511,981
Funds Expended	<u>511,981</u>
Excess / (Deficiency) of Funds Approved	\$ <u>0</u>
Funds Advanced	\$ 511,981
Funds Expended	<u>511,981</u>
Excess / (Deficiency) of Funds Advanced	\$ <u>0</u>

2. Costs additions totaling \$ 0 were made during the current audit period, and accordingly, were audited by Goldie Roberts, CPA.

3. The total amount of the Capital Fund Grant Costs at June 30, 2014 as shown above are in agreement with the Actual Development Cost Certificate submitted to HUD and approved by HUD.

4. All Capital Fund grant work in connection with the Project has been completed.

5. All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.

6. There were no budget overruns.

174	Other Assets																	
176	Investments in Joint Ventures																	
180	Total Non-Current Assets	\$4,264,347	\$95	\$0	\$283,864	\$573,469	\$66,626	\$5,188,401	\$0				\$5,188,401					
190	Total Assets	\$5,236,924	\$172,268	\$0	\$322,098	\$711,525	\$261,039	\$6,703,854	-\$2,469				\$6,701,385					
200	Deferred Outflow of Resources																	
290	Total Assets and Deferred Outflow of Resources	\$5,236,924	\$172,268	\$0	\$322,098	\$711,525	\$261,039	\$6,703,854	-\$2,469				\$6,701,385					
311	Bank Overdraft																	
312	Accounts Payable <= 90 Days	\$33,740	\$687		\$685	\$350	\$3,196	\$38,858					\$38,858					
313	Accounts Payable >90 Days Past Due																	
321	Accrued Wage/Payroll Taxes Payable	\$9,162	\$2,016				\$2,742	\$13,920					\$13,920					
322	Accrued Compensated Absences - Current Portion	\$17,102	\$5,112				\$7,781	\$29,995					\$29,995					
324	Accrued Contingency Liability																	
325	Accrued Interest Payable																	
331	Accounts Payable - HUD PHA Programs																	
332	Account Payable - PHA Projects																	
333	Accounts Payable - Other Government																	
341	Tenant Security Deposits	\$48,917			\$3,085			\$52,002					\$52,002					
342	Unearned Revenue	\$24,662						\$24,662					\$24,662					
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue																	
344	Current Portion of Long-term Debt - Operating Borrowings																	
345	Other Current Liabilities																	
346	Accrued Liabilities - Other	\$0	\$0				\$0	\$0					\$0					
347	Inter Program - Due To						\$2,469	\$2,469					-\$2,469					
348	Loan Liability - Current																	
310	Total Current Liabilities	\$133,583	\$7,815	\$0	\$3,970	\$2,819	\$13,719	\$161,906	-\$2,469				\$159,437					
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue																	
352	Long-term Debt, Net of Current - Operating Borrowings																	
353	Non-current Liabilities - Other																	
354	Accrued Compensated Absences - Non Current					\$50,547		\$50,547					\$50,547					
355	Loan Liability - Non Current																	
356	FASB 5 Liabilities																	
357	Accrued Pension and OPEB Liabilities																	
350	Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$50,547	\$0	\$50,547	\$0				\$50,547					
300	Total Liabilities	\$133,583	\$7,815	\$0	\$3,970	\$53,366	\$13,719	\$212,453	-\$2,469				\$209,984					
400	Deferred Inflow of Resources																	
508.4	Net Investment in Capital Assets	\$4,264,347	\$95	\$0	\$283,864	\$573,469	\$66,626	\$5,188,401					\$5,188,401					
511.4	Restricted Net Position	\$23,041	\$0	\$0	\$0	\$0	\$0	\$23,041					\$23,041					
512.4	Unrestricted Net Position	\$315,953	\$164,358	\$0	\$34,264	\$84,690	\$180,694	\$779,959					\$779,959					
513	Total Equity - Net Assets / Position	\$5,103,341	\$164,453	\$0	\$318,128	\$658,159	\$247,320	\$6,491,401	\$0				\$6,491,401					
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	\$5,236,924	\$172,268	\$0	\$322,098	\$711,525	\$261,039	\$6,703,854	-\$2,469				\$6,701,385					

Housing Authority of the City of Richmond (IN009)
 RICHMOND, IN

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,871 Housing Choice Vouchers	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAH)	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$245,224		\$43,862		\$4,050		\$293,136		\$293,136
70400 Tenant Revenue - Other	\$60,568		\$1,164				\$61,732		\$61,732
70500 Total Tenant Revenue	\$305,792	\$0	\$45,026		\$4,050	\$0	\$354,868	\$0	\$354,868
70600 HUD PHA Operating Grants	\$999,571	\$910,766					\$1,910,337		\$1,910,337
70610 Capital Grants	\$528,845						\$528,845		\$528,845
70710 Management Fee						\$231,557	\$231,557	-\$231,557	\$0
70720 Asset Management Fee							\$0	-\$36,360	-\$36,360
70730 Book Keeping Fee						\$25,599	\$25,599	-\$25,599	\$0
70740 Front Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue						\$257,156	\$257,156	-\$293,516	-\$36,360
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$605	\$166	\$14		\$1,159	\$820	\$2,764		\$2,764
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery	\$11,340	\$1,785				\$1,946	\$13,711		\$13,711
71500 Other Revenue		\$425					\$1,785		\$1,785
71600 Gain or Loss on Sale of Capital Assets	\$18,159						\$18,159		\$18,159
72000 Investment Income - Restricted	\$1,864,312	\$913,142	\$0	\$45,040	\$5,209	\$259,922	\$3,087,625	-\$293,516	\$2,794,109
70000 Total Revenue	\$137,330	\$74,379				\$117,218	\$328,927		\$328,927
91100 Administrative Salaries	\$3,940	\$1,049				\$2,653	\$7,642		\$7,642
91200 Auditing Fees	\$231,557						\$231,557	-\$231,557	\$0
91300 Management Fee	\$25,599						\$25,599	-\$25,599	\$0
91310 Book-keeping Fee									
91400 Advertising and Marketing	\$77,126	\$28,328				\$50,730	\$156,184		\$156,184
91500 Employee Benefit Contributions - Administrative	\$9,202	\$7,703	\$278		\$67	\$9,466	\$26,716		\$26,716
91600 Office Expenses	\$1,200	\$35,000				\$1,200	\$37,400		\$37,400
91700 Legal Expenses	\$76					\$7,210	\$7,286		\$7,286
91800 Travel									
91810 Allocated Overhead									
91900 Other	\$16,711	\$8,839	\$4,925		\$1,043	\$28,949	\$60,467		\$60,467
91000 Total Operating - Administrative	\$502,741	\$155,298	\$0	\$5,203	\$1,110	\$217,426	\$881,778	-\$257,156	\$624,622
92000 Asset Management Fee									
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$5,481						\$5,481		\$5,481
92500 Total Tenant Services	\$5,481	\$0	\$0	\$0	\$0	\$0	\$5,481	\$0	\$5,481

93100 Water	\$74,795	\$79	\$80			\$287	\$75,241	\$75,241
93200 Electricity	\$120,565	\$703	\$61			\$2,596	\$123,935	\$123,935
93300 Gas		\$433	\$129			\$1,611	\$2,173	\$2,173
93400 Fuel								
93500 Labor								
93600 Sewer	\$91,859	\$81				\$300	\$91,940	\$91,940
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	\$287,239	\$1,296	\$270	\$0	\$0	\$4,784	\$293,589	\$293,589
94100 Ordinary Maintenance and Operations - Labor	\$156,844						\$156,844	\$156,844
94200 Ordinary Maintenance and Operations - Materials and Other	\$70,040	\$581	\$572			\$2,516	\$73,709	\$73,709
94300 Ordinary Maintenance and Operations Contracts	\$211,023	\$1,644	\$10,093	\$1,188		\$9,460	\$233,408	\$233,408
94500 Employee Benefit Contributions - Ordinary Maintenance	\$89,635					\$2,257	\$91,892	\$91,892
94000 Total Maintenance	\$527,542	\$2,225	\$10,665	\$1,188	\$0	\$14,233	\$555,853	\$555,853
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$31,051		\$3,526	\$481		\$311	\$35,369	\$35,369
96120 Liability Insurance	\$9,124	\$834		\$93			\$10,051	\$10,051
96130 Workmen's Compensation	\$5,769	\$1,274				\$1,262	\$8,305	\$8,305
96140 All Other Insurance	\$10,473	\$331				\$5,520	\$16,124	\$16,124
96100 Total Insurance Premiums	\$56,417	\$2,439	\$3,526	\$574		\$6,893	\$69,849	\$69,849
96200 Other General Expenses								
96210 Compensated Absences	\$6,189	\$120	\$2,282				\$2,402	\$2,402
96300 Payments in Lieu of Taxes		\$3,219				\$2,095	\$11,503	\$11,503
96400 Bad debt - Tenant Rents	\$20,029						\$20,029	\$20,029
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96600 Severance Expense								
96000 Total Other General Expenses	\$26,218	\$3,339	\$2,282	\$0	\$0	\$2,095	\$33,934	\$33,934
96710 Interest of Mortgage (or Bonds) Payable								
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,405,638	\$164,597	\$21,946	\$2,872	\$2,454,431	\$1,840,484	\$2,935,516	\$1,546,968
97000 Excess of Operating Revenue over Operating Expenses	\$458,674	\$748,545	\$23,094	\$2,337	\$1,247,141	\$0	\$1,247,141	\$1,247,141
97100 Extraordinary Maintenance								
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments		\$1,078,743					\$1,078,743	\$1,078,743
97350 HAP Portability-In								
97400 Depreciation Expense	\$408,482	\$77	\$6,771	\$7,549	\$6,882	\$429,761	\$429,761	\$429,761

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>ANNUAL CONTRIBUTION CONTRACT</u>	<u>PROGRAM AND ASSISTANCE TYPE</u>	<u>CFDA NUMBER</u>	<u>AWARD</u>	<u>EXPENDITURES</u>
<u>U. S. DEPARTMENT OF HUD</u>				
C-853	Public & Indiana Housing	14.850	\$ 884,279	\$ 884,279
IN009VO	Housing Choice Voucher Program	14.871	910,766	910,766
C-853	Capital Fund Program	14.872	<u>1,840,197</u>	<u>644,137</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>\$ 3,635,242</u>	<u>\$ 2,439,182</u>

Notes to Schedule of Expenditures of Federal Awards:

Note 1 The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting as described in Note A.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense, housing assistance payments and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants, revenue, gains and losses on the disposal of capital assets, eliminations and interest expense in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

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 Richmond
58 South Fifteenth Street
Richmond, IN 47374

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Richmond, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Richmond's basic financial statements and have issued my report thereon dated March 24, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Richmond'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 of the City of Richmond's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the City of Richmond'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 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 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 Housing Authority of the City of Richmond's financial statements are free from material misstatement, I 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 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 entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
March 24, 2015

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd

Fredericksburg, Indiana 47120

Report on Compliance For Each Major Federal Program; Report on Internal Control Over
Compliance Required by OMB Circular A-133

Independent Auditor's Report

Board of Commissioners
Housing Authority of the City of Richmond
58 South Fifteenth Street
Richmond, IN 47374

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Richmond's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Richmond's major federal programs for the year ended June 30, 2014. The Housing Authority of the City of Richmond'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, contract, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance with each of the Housing Authority of the City of Richmond'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 the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 Housing Authority of the City of Richmond's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Richmond, 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, 2014.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Richmond is responsible for establishing and maintaining effective internal control over compliance requirements referred to above. In planning and performing my audit of the financial statements, I considered the Housing Authority of the City of Richmond's internal control over

compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 of the City of Richmond'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 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 a 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.

My 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. 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 that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
March 24, 2015

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

June 30, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - SUMMARY OF AUDITORS RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:
~ Material weakness(es) identified? yes X no
~ Significant deficiencies identified that are
not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements
noted? yes X no

FEDERAL AWARDS

Internal control over major programs:
~ Material weakness(es) identified? yes X no
~ Significant deficiencies identified that are
not considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with section 510(a)
of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Low Rent Public Housing
14.872	Capital Fund Program

Dollar threshold used to distinguish
between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

June 30, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

PRIOR AUDIT FINDINGS

2013-01

HOUSING CHOICE VOUCHER-NEGATIVE EQUITY

PRIOR

CONDITION:

HUD provides the Housing Authority with subsidy for administrative fees, and Housing Assistance Payments. At the end of the fiscal year the administrative equity of the Housing Authority was a deficit balance.

CURRENT

CONDITION:

Due to the transfer of funds into the program, the Voucher Equity is now positive.

This finding is cleared.

2013-02

RENTAL COLLECTION PROCESS:

PRIOR

CONDITION:

During the audit it was noted that the receipts behind each deposit slip did not match. The deposit slips did not record the receipt numbers and a tape was not run on each deposit slip.

CURRENT

CONDITION:

During the audit of Cash Receipts it was noted that a new or updated system of internal control is in place.

This finding is cleared.

CURRENT AUDIT FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no Financial Statement Findings

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no Federal Award Findings.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

June 30, 2014

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

<u>FINDING</u>	<u>CONDITION</u>	<u>STATUS</u>
2013-01	Housing Choice Voucher-Negative Equity	Cleared
2013-02	Rental Collection Process	Cleared