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July 18, 2014

Board of Directors  
Richmond Housing Authority  
58 S. Fifteenth Street  
Richmond, IN 47374

We have reviewed the audit report prepared by Goldie Roberts, CPA, Independent Public Accountant, for the period July 1, 2012 to June 30, 2013. 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 Richmond Housing Authority, as of June 30, 2013 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings, found on pages 29 and 30.

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

STATE BOARD OF ACCOUNTS

# HOUSING AUTHORITY OF THE CITY OF RICHMOND

AUDITED FINANCIAL STATEMENTS

Richmond, Indiana

June 30, 2013

*Goldie Roberts*

Certified Public Accountant

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Fredericksburg, IN 47120  
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HOUSING AUTHORITY OF THE  
CITY OF RICHMOND

Richmond, Indiana  
June 30, 2013

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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, 2013, and the related statements of changes in 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, 2013, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Report on 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.

### Report on 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. 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 as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 27, 2014 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  
January 27, 2014

**Housing Authority of the City of Richmond**  
**Management's Discussion and Analysis**  
**June 30, 2013**

The Richmond Housing Authority's management discussion and analysis of the RHA financial statements including a narrative overview and discussion of the financial activities of the RHA for years and periods ending June 30, 2012 vs. June 30, 2013.

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 RHA's financial activities; 3.) identify and explain changes in the RHA's financial position from 2012 to 2013; 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 RHA'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, Richmond Housing Authority, 58 S 15<sup>th</sup> 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.

**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 2013." The Statement of Net Position and the Statement of Changes in 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.

**Housing Authority of the City of Richmond**  
**Management's Discussion and Analysis**  
**June 30, 2013**  
**(Continued)**

**Financial Highlights**

- RHA's total assets decreased by \$379,004 from 2012 to 2013. The reduction in total assets was due to the large change in cash and cash equivalents of \$318,480.
- Total liabilities increased by \$23,252 which was created by increases in current liabilities and other liabilities of \$27,460.
- Total net position decreased by \$402,256 due to a reduction in position investment in capital assets, unrestricted and in restricted.
- Agency revenues diminished by \$537,084 because of a combination of decreases in all line items except for the category of other income.
- The overall collective effect on operating expenses from 2012 to 2013 was a \$117,804 decrease due to an expense reduction in all categories except maintenance, operations and administrative cost.
- Total capital assets were diminished by only \$ 79,988 from 2012 to 2013 because the sizeable losses created from decreases in equipment and furniture values, construction in progress and accumulated depreciation were almost off-set by increases in land and building values.
- The Agency realized a net operating loss of \$ 419,280 because of a sizeable decrease in RHA revenues of \$537,084, which was minimally off-set by a reduction in operating expenses of \$117,804.

**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.



**Housing Authority of the City of Richmond**  
**Management's Discussion and Analysis**  
**June 30, 2013**  
**(Continued)**

**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 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.

**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 assets, 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 long-term debt obligations.
- Statement of Changes in 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.

**Housing Authority of the City of Richmond**  
**Management's Discussion and Analysis**  
**June 30, 2013**  
**(Continued)**

The RHA 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 Richmond Housing Authority:

**Low Income Public Housing**

The RHA 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.

**Housing Authority of the City of Richmond**  
**Management's Discussion and Analysis**  
**June 30, 2013**  
**(Continued)**

**The Homeless Prevention & Rapid Re-Housing (HPRP) Program**

The Homeless Prevention & Rapid Re-Housing (HPRP) Program provides financial assistance and services to prevent individuals and families from becoming homeless. It also assisted those who were experiencing homelessness to be quickly re-housed and stabilized. The funding for this program provided short-term or medium-term rental assistance and housing relocation and stabilization services. These services included assistance with security deposits, monthly rent, mediation, credit counseling, utility payments, moving cost assistance and case management.

The program closed at the end of the fiscal year.

**Authority-Wide Condensed Financial Statements**

**Statement of Net Position**

Current & Other Assets	2013	2012	Change
Cash & Cash Equivalents	\$ 200,280	\$ 518,760	\$ (318,480)
Other Current Assets	1,643,031	1,623,567	19,464
Capital Assets (Net)	<u>5,086,376</u>	<u>5,166,364</u>	<u>(79,988)</u>
<b>Total Assets</b>	<b><u>\$ 6,929,687</u></b>	<b><u>\$ 7,308,691</u></b>	<b><u>\$ (379,004)</u></b>
<b>Liabilities</b>			
Accounts Payable	\$ 13,527	\$ 17,735	\$ (4,208)
Current Liabilities	120,199	99,726	20,473
Non-Current Liabilities	<u>43,197</u>	<u>36,210</u>	<u>6,987</u>
<b>Total Liabilities</b>	<b><u>\$ 176,923</u></b>	<b><u>\$ 153,671</u></b>	<b><u>\$ 23,252</u></b>
<b>Net Position</b>			
Investment in Capital Assets	\$ 5,086,376	\$ 5,166,364	\$ (79,988)
Unrestricted	289,363	396,494	(107,131)
Restricted	<u>1,377,025</u>	<u>1,592,162</u>	<u>(215,137)</u>
<b>Total Equity/Net Position</b>	<b><u>\$ 6,752,764</u></b>	<b><u>\$ 7,155,020</u></b>	<b><u>\$ (402,256)</u></b>

**Housing Authority of the City of Richmond  
Management's Discussion and Analysis  
June 30, 2013  
(Continued)**

Major Factors affecting the statement of Net Assets

Total Equity/Net Assets for FYE 2013 are \$6,752,764 and at FYE 2012 the amount was \$7,155,020. This represents a decrease of \$402,256 for which the major reasons were the decreases in every category.

Total liabilities increased by \$23,252 with the major impact due to the increase of current Liability for 2013 as well as non-current liabilities.

Total Assets decreased by \$379,000 from 2012 to 2013 with the major reason being a reduction in Cash & Cash Equivalents of \$318,480.

**Statement of Agency Wide Revenues, Expenses, and Net Position**

**Statement of Revenues**

Source	2013	2012	Change
Public Housing Rental	\$ 364,556	\$ 390,100	\$ (25,544)
HUD Operating Subsidy	1,848,528	2,278,510	(429,982)
HUD Capital Fund	165,553	319,946	(154,393)
Other Income	228,682	153,542	75,140
Gain/Loss on sale of Capital Assets	(1,421)	884	(2,305)
<b>Total Revenues</b>	<b>\$ 2,605,898</b>	<b>\$ 3,142,982</b>	<b>\$ (537,084)</b>

The combined effect of revenue sources for 2013 created a decrease of \$537,084 vs. 2012. There were decreases in all categories except for other income.

**Housing Authority of the City of Richmond**  
**Management's Discussion and Analysis**  
**June 30, 2013**  
**(Continued)**

**Statement of Expenses**

Activity	2013	2012	Change
Administrative	\$ 623,434	\$ 617,810	\$ 5,624
Tenant Services	4,048	7,845	(3,797)
Utilities	285,603	262,465	23,138
Maintenance	629,221	612,934	16,287
Protective Services	27,919	49,788	(21,869)
Housing Assistance Payment	895,211	968,562	(73,351)
Depreciation	442,518	451,100	(8,582)
General Expense	100,200	148,586	(48,386)
Casualty Losses	<u>0</u>	<u>6,868</u>	<u>(6,868)</u>
<b>Total Expenses</b>	<b><u>\$ 3,008,154</u></b>	<b><u>\$ 3,125,958</u></b>	<b><u>\$ (117,804)</u></b>

Total operating expense decreased by \$117,804 for 2013 vs. 2012. The expense decreases were in every line item except for administrative cost and maintenance operation expense.

The combination of a decrease in Total Revenue by \$537,084 with a decrease in Total Operating expense of \$117,804 resulted in a net operating loss of \$419,280.

**Statement of Capital Assets**

Source	2013	2012	Change
Land	\$ 1,368,387	\$ 1,347,987	\$ 20,400
Buildings	14,881,713	14,480,100	401,613
Equipment And Furniture	753,423	778,947	(25,524)
Construction in progress	350,412	423,526	(73,114)
Accumulated Depreciation	<u>(12,267,559)</u>	<u>(11,864,196)</u>	<u>(403,363)</u>
<b>Total Assets</b>	<b><u>\$ 5,086,376</u></b>	<b><u>\$ 5,166,364</u></b>	<b><u>\$ (79,988)</u></b>

**Housing Authority of the City of Richmond**  
**Management's Discussion and Analysis**  
**June 30, 2013**  
**(Continued)**

Total Non-Current Asset value has decreased by \$79,988 from 2012 to 2013. The major negative impacts to capital asset were accumulated depreciation which increased by \$403,363 and the reduction in equipment and furniture value of \$25,524. This negative factor was reduced by increases in the value of land and buildings by \$401,613; land by \$20,400; and construction in progress of \$73,114.

**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 2013 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, 2013

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 277,812
Restricted cash and cash equivalents	1,448,143
Accounts receivable, net	60,341
Prepaid expenses	44,892
Inventory, net	12,123
<b>Current Assets</b>	<b><u>1,843,311</u></b>

**Capital Assets**

Land and other nondepreciable assets	1,718,799
Depreciable capital assets, net	3,367,577
<b>Total Capital Assets</b>	<b><u>5,086,376</u></b>

**Total Assets**

**6,929,687**

**LIABILITIES**

**Current liabilities**

Accounts payable	25,332
Accrued liabilities	32,250
Payable from restricted cash and cash equivalents:	
Tenants security deposits	50,552
Deferred revenue	25,592
<b>Total Current Liabilities</b>	<b><u>133,726</u></b>

**Noncurrent liabilities**

**43,197**

**Total Liabilities**

**176,923**

**NET POSITION**

Investment in capital assets	5,086,376
Restricted	1,593,317
Unrestricted	73,071
<b>Total Net Position</b>	<b><u>\$ 6,752,764</u></b>

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



HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES

Rental income	\$	364,556
Other income		206,089

<b>TOTAL OPERATING REVENUE</b>		<b>570,645</b>
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OPERATING EXPENSES

Administrative		623,434
Tenant services		4,048
Utilities		285,603
Ordinary maintenance and operation		629,221
Protective services		27,919
General expense		100,200
Housing Assistance Payments		895,211
Depreciation expense		442,518

<b>TOTAL OPERATING EXPENSES</b>		<b>3,008,154</b>
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<b>OPERATING INCOME (LOSS)</b>		<b>(2,437,509)</b>
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NONOPERATING REVENUES

Federal operating grants		1,848,628
Gain or loss on sale of capital assets		(1,421)
Interest income		22,493

<b>NET NONOPERATING REVENUES</b>		<b>1,869,700</b>
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CAPITAL CONTRIBUTIONS		165,553
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<b>CHANGE IN NET POSITION</b>		<b>(402,256)</b>
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TOTAL NET POSITION - BEGINNING OF YEAR		7,155,020
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<b>TOTAL NET POSITION - END OF YEAR</b>		<b>\$ 6,752,764</b>
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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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	578,843
Payments to vendors		(806,271)
Payments to landlords		(895,211)
Payments to employees		(842,653)
<b>Net Cash Used by Operating Activities</b>		<u><b>(1,965,292)</b></u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grants received		<u>1,848,628</u>
<b>Net Cash From Noncapital Financing Activities</b>		<u><b>1,848,628</b></u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received		165,553
Acquisition and construction of capital assets		<u>(363,951)</u>
<b>Net Cash Flows Provided (Used)</b>		
<b>by Capital and Related Financing Activities</b>		<u><b>(198,398)</b></u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		<u>22,493</u>
<b>Net Cash From Investing Activities</b>		<u><b>22,493</b></u>

**Net Increase in Cash and Cash Equivalents** (292,569)

Cash - Beginning of year		<u>2,018,524</u>
<b>Cash - End of year</b>	\$	<u><b>1,725,955</b></u>

Reconciliation of Deposits:

Cash and cash equivalents	\$	277,812
Restricted cash and cash equivalents		<u>1,448,143</u>
<b>Total Deposits</b>	\$	<u><b>1,725,955</b></u>

Continued

HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

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

Operating income (loss)	\$	(2,437,509)
<b>Adjustments to reconcile net operating loss to net cash used by operating activities:</b>		
Depreciation		442,518
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		8,198
Prepaid expenses		(1,543)
Inventory		(208)
Increase (Decrease) in:		
Accounts payable		10,344
Accrued liabilities		7,583
Deferred revenue		5,325
		<hr/>
<b>Net Cash Used by Operating Activities</b>	\$	<u><u>(1,965,292)</u></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, 2013

**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	273
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 Changes in 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, 2013

(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, 2013.

**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, 2013  
(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, 2013  
(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, 2013, 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 \$1,806,723 at June 30, 2013. Bank balances before reconciling items were \$1,725,955 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	\$ 106,398
Certificates of Deposit	<u>1,619,557</u>
Total	<u>\$ 1,725,955</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2013, consist of the following:

Tenant accounts receivable, net of allowance for doubtful accounts of \$40,629	\$ 14,797
Fraud recovery, net of allowance of \$38,789	12,930
Miscellaneous accounts receivable	1,947
HUD	<u>30,667</u>
Total	<u>\$ 60,341</u>

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2013, consist of the following:

Prepaid insurance	<u>\$ 44,892</u>
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HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013  
(Continued)

**NOTE E - Inventory:**

Inventory at June 30, 2013, consist of the following:

Materials and supplies \$ 12,123

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 6/30/12	Increases	Decreases	Ending Balance 6/30/13
Capital assets, not being depreciated:				
Land	\$ 1,347,987	\$ 20,400	\$ 0	\$ 1,368,387
Construction in Progress	<u>423,526</u>	<u>165,553</u>	<u>( 238,667)</u>	<u>350,412</u>
Total Capital Assets, not being depreciated	<u>1,771,513</u>	<u>185,953</u>	<u>( 238,667)</u>	<u>1,718,799</u>
Capital Assets, being depreciated:				
Buildings & Improvements	14,480,100	401,613	0	14,881,713
Furniture, equipment & Machinery	<u>778,947</u>	<u>13,591</u>	<u>( 39,115)</u>	<u>753,423</u>
Total Capital Assets, being depreciated	<u>15,259,047</u>	<u>415,204</u>	<u>( 39,115)</u>	<u>15,635,136</u>
Capital Assets, being depreciated:				
Buildings and Improvements	(11,071,642)	( 421,194)	0	(11,492,836)
Furniture, equipment & Machinery	<u>( 792,554)</u>	<u>( 21,324)</u>	<u>39,115</u>	<u>( 774,723)</u>
Less Accumulated Depreciation:	<u>(11,864,196)</u>	<u>( 442,518)</u>	<u>39,115</u>	<u>(12,267,559)</u>
Total Capital Assets, being depreciated, net	<u>3,394,851</u>	<u>( 27,314)</u>	<u>0</u>	<u>3,367,577</u>
Capital Assets, Net	<u>\$ 5,166,364</u>	<u>\$ 158,639</u>	<u>\$ ( 238,667)</u>	<u>\$ 5,086,376</u>

Major construction renovation through the Capital Fund Grant Program costs of \$558,710 that has yet to be expended under the current programs. HUD has approved funding for the above amount.

Depreciation expense of \$442,518 was incurred during the year.



HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

**NOTE G - Accounts Payable:**

Accounts Payable at June 30, 2013, consists of the following:

Accounts Payables	\$ <u>25,332</u>
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**NOTE H - Accrued Liabilities:**

Accrued liabilities at June 30, 2013, consist of the following:

Accrued compensated absences	\$ 18,493
Accrued Payroll and Withholdings	13,740
Other Miscellaneous	<u>17</u>
 Total	 \$ <u>32,250</u>

**NOTE I - Deferred Revenue:**

Deferred revenue at June 30, 2013, consists of the following:

Prepaid rent and other deferred revenue	\$ <u>25,592</u>
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**NOTE J - Noncurrent liabilities:**

Noncurrent liabilities at June 30, 2013, consist of the following:

	<u>06/30/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/13</u>
Home Buyer Reserves	\$ <u>36,210</u>	\$ <u>6,987</u>	\$ <u>0</u>	\$ <u>43,197</u>

**NOTE K - Commitments and Contingencies:**

**Litigation** - At June 30, 2013, 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. HUD has performed a management review during the year ended June 30, 2013.

**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, 2013. 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 \$235,396 pertaining to its Capital Fund Program.

HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

**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.

**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, 2013 were as follows:

Low Income Public Housing	\$ 785,998
Capital Fund Program	85,127
Housing Choice Vouchers	<u>977,503</u>
Total	<u>\$ 1,848,628</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, 2013 were \$165,553.

**NOTE O - Economic Dependency:**

The Authority receives approximately 77% 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.

HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

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 2013, the Housing Authority contributed \$75,700.

**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, 2013

	Annual Contributions Contracts		
	C-853	C-853	IN009
	Low		
	Income	Capital	
	Public	Fund	Section 8
	Housing	Programs	Vouchers
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and cash equivalents	\$ 12,115	\$ 0	\$ 0
Restricted cash and cash equivalents	1,401,256	0	3,690
Accounts receivable, net	50,250	0	9,141
Prepaid expenses	42,579	0	1,054
Interfund	0	0	0
Inventory, net	10,942	0	98
<b>Total Current Assets</b>	<b>1,517,142</b>	<b>0</b>	<b>13,983</b>
<b><u>Capital Assets</u></b>			
Land and other nondepreciable assets	1,212,006	0	0
Depreciable capital assets, net	2,931,334	0	172
<b>Total Capital Assets</b>	<b>4,143,340</b>	<b>0</b>	<b>172</b>
<b>Total Assets</b>	<b>5,660,482</b>	<b>0</b>	<b>14,155</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Accounts payable	24,687	0	66
Accrued liabilities	20,423	0	2,900
Interfund	4,751	0	0
Payable from restricted cash and cash equivalents:			
Tenants security deposits	48,341	0	0
Deferred revenue	25,592	0	0
<b>Total Current Liabilities</b>	<b>123,794</b>	<b>0</b>	<b>2,966</b>
<b><u>Noncurrent liabilities</u></b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>123,794</b>	<b>0</b>	<b>2,966</b>
<b><u>NET POSITION</u></b>			
Investment in capital assets	4,143,340	0	172
Restricted	1,373,335	0	219,982
Unrestricted	20,013	0	(208,965)
<b>Total Net Position</b>	<b>\$ 5,536,688</b>	<b>\$ 0</b>	<b>\$ 11,189</b>

Homeless Prevention Program	State/ Local	Business Activities	Central Office Cost Center	Interfund Elimination	Total
\$ 0	\$ 15,680	\$ 83,345	\$ 166,672	\$ 0	\$ 277,812
0	0	43,197	0	0	1,448,143
0	0	950	0	0	60,341
0	0	527	732	0	44,892
0	0	0	7,221	(7,221)	0
0	0	0	1,083	0	12,123
<u>0</u>	<u>15,680</u>	<u>128,019</u>	<u>175,708</u>	<u>(7,221)</u>	<u>1,843,311</u>
0	32,000	442,962	31,831		1,718,799
0	256,336	138,057	41,678		3,367,577
<u>0</u>	<u>288,336</u>	<u>581,019</u>	<u>73,509</u>	<u>0</u>	<u>5,086,376</u>
<u>0</u>	<u>304,016</u>	<u>709,038</u>	<u>249,217</u>	<u>(7,221)</u>	<u>6,929,687</u>
0	0	0	579	0	25,332
0	0	0	8,927	0	32,250
0	0	2,470	0	(7,221)	0
0	2,211	0	0	0	50,552
0	0	0	0	0	25,592
<u>0</u>	<u>2,211</u>	<u>2,470</u>	<u>9,506</u>	<u>(7,221)</u>	<u>133,726</u>
<u>0</u>	<u>0</u>	<u>43,197</u>	<u>0</u>	<u>0</u>	<u>43,197</u>
<u>0</u>	<u>2,211</u>	<u>45,667</u>	<u>9,506</u>	<u>(7,221)</u>	<u>176,923</u>
0	288,336	581,019	73,509	0	5,086,376
0	0	0	0	0	1,593,317
0	13,469	82,352	166,202	0	73,071
<u>\$ 0</u>	<u>\$ 301,805</u>	<u>\$ 663,371</u>	<u>\$ 239,711</u>	<u>\$ 0</u>	<u>\$ 6,752,764</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

COMBINING SCHEDULE OF PROGRAM CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013

	Annual Contributions		
	C-853	C-853	IN009
	Low Income Public Housing	Capital Fund Programs	Section 8 Vouchers
<b><u>OPERATING REVENUES</u></b>			
Rental income	\$ 341,886	\$ 0	\$ 0
Other income	3,523	0	3,521
<b>TOTAL OPERATING REVENUE</b>	<b>345,409</b>	<b>0</b>	<b>3,521</b>
<b><u>OPERATING EXPENSES</u></b>			
Administrative	530,096	0	113,889
Tenant services	40,408	0	0
Utilities	278,880	0	1,453
Ordinary maintenance and operation	618,291	0	1,524
Protective services	27,919	0	0
General expense	91,984	0	2,121
Housing Assistance Payments	0	0	895,211
Depreciation expense	425,047	0	77
<b>TOTAL OPERATING EXPENSES</b>	<b>2,012,625</b>	<b>0</b>	<b>1,014,275</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,667,216)</b>	<b>0</b>	<b>(1,010,754)</b>
<b><u>NONOPERATING REVENUES</u></b>			
Federal operating grants	785,998	85,127	977,503
Loss on sale of capital assets	(1,421)	0	0
Interest income	19,968	0	0
<b>NET NONOPERATING REVENUES</b>	<b>804,545</b>	<b>85,127</b>	<b>977,503</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>0</b>	<b>165,553</b>	<b>0</b>
<b>CHANGE IN NET POSITION</b>	<b>(862,671)</b>	<b>250,680</b>	<b>(33,251)</b>
<b>TOTAL NET POSITION - BEGINNING</b>			
OF YEAR, as originally stated	6,148,679	0	44,440
Equity transfers	250,680	(250,680)	0
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>	<b>6,399,359</b>	<b>(250,680)</b>	<b>44,440</b>
as restated	6,399,359	(250,680)	44,440
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ 5,536,688</b>	<b>\$ 0</b>	<b>\$ 11,189</b>

Contracts

Homeless Prevention Program	State/ Local	Business Activities	Central Office Cost Center	Interfund Elimination	Total
\$ 0	\$ 18,620	\$ 4,050	\$ 0	\$ 0	\$ 364,556
0	198,500	0	310,885	(310,340)	206,089
<u>0</u>	<u>217,120</u>	<u>4,050</u>	<u>310,885</u>	<u>(310,340)</u>	<u>570,645</u>
25	2,160	1,030	250,214	(273,980)	623,434
0	0	0	0	(36,360)	4,048
0	0	0	5,270	0	285,603
0	1,346	0	8,060	0	629,221
0	0	0	0	0	27,919
1,739	1,649	580	2,127	0	100,200
0	0	0	0	0	895,211
116	2,894	7,502	6,882	0	442,518
<u>1,880</u>	<u>8,049</u>	<u>9,112</u>	<u>272,553</u>	<u>(310,340)</u>	<u>3,008,154</u>
<u>(1,880)</u>	<u>209,071</u>	<u>(5,062)</u>	<u>38,332</u>	<u>0</u>	<u>(2,437,509)</u>
0	0	0	0	0	1,848,628
0	0	0	0	0	(1,421)
0	3	2,062	460	0	22,493
<u>0</u>	<u>3</u>	<u>2,062</u>	<u>460</u>	<u>0</u>	<u>1,869,700</u>
0	0	0	0	0	165,553
<u>(1,880)</u>	<u>209,074</u>	<u>(3,000)</u>	<u>38,792</u>	<u>0</u>	<u>(402,256)</u>
1,880	92,731	666,371	200,919	0	7,155,020
0	0	0	0	0	0
<u>1,880</u>	<u>92,731</u>	<u>666,371</u>	<u>200,919</u>	<u>0</u>	<u>7,155,020</u>
<u>\$ 0</u>	<u>\$ 301,805</u>	<u>\$ 663,371</u>	<u>\$ 239,711</u>	<u>\$ 0</u>	<u>\$ 6,752,764</u>



HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED  
JUNE 30, 2013

Annual Contributions Contract C-853

1. The Capital Fund Grant Costs are as follows:

	<u>501-09</u>	<u>501-10</u>
Funds Approved	512,834	\$ 511,981
Funds Expended	<u>512,834</u>	<u>511,981</u>
Excess / (Deficiency) of Funds Approved	<u>0</u>	<u>\$ 0</u>
Funds Advanced	512,834	\$ 511,981
Funds Expended	<u>512,834</u>	<u>511,981</u>
Excess / (Deficiency) of Funds Advanced	<u>0</u>	<u>\$ 0</u>

2. Costs additions totaling \$ 162,617 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, 2013 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.

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

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	Project Total	14,871 Housing Choice Vouchers	14,257 Homelessness Prevention and Rapid Re-Housing Program (RAF)	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$12,115			\$15,680	\$83,345	\$166,672	\$277,812		\$277,812
112 Cash - Restricted - Modernization and Development									
113 Cash - Other Restricted	\$1,373,335	\$3,690			\$43,197		\$1,420,222		\$1,420,222
114 Cash - Tenant Security Deposits	\$26,548						\$26,548		\$26,548
115 Cash - Restricted for Payment of Current Liabilities	\$1,373						\$1,373		\$1,373
100 Total Cash	\$1,413,371	\$3,690	\$0	\$15,680	\$126,542	\$166,672	\$1,725,955	\$0	\$1,725,955
121 Accounts Receivable - PHA Projects		\$1,947					\$1,947		\$1,947
122 Accounts Receivable - HUD Other Projects	\$30,667						\$30,667		\$30,667
124 Accounts Receivable - Other Government									
125 Accounts Receivable - Miscellaneous									
126 Accounts Receivable - Tenants	\$54,476				\$950		\$55,426		\$55,426
126.1 Allowance for Doubtful Accounts - Tenants	-\$40,629				\$0		-\$40,629		-\$40,629
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0					\$0		\$0
127 Notes, Loans & Mortgages Receivable - Current									
128 Fraud Recovery	\$22,943	\$28,776					\$51,719		\$51,719
128.1 Allowance for Doubtful Accounts - Fraud	-\$17,207	-\$21,582					-\$38,789		-\$38,789
129 Accrued Interest Receivable									
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$50,250	\$9,141	\$0	\$0	\$950	\$0	\$60,341	\$0	\$60,341
131 Investments - Unrestricted					\$0		\$0		\$0
132 Investments - Restricted									
135 Investments - Restricted for Payment of Current Liability									
142 Prepaid Expenses and Other Assets	\$42,579	\$1,054		\$0	\$527	\$732	\$44,892		\$44,892
143 Inventories	\$10,942	\$98				\$1,083	\$12,123		\$12,123
143.1 Allowance for Obsolete Inventories	\$0	\$0				\$0	\$0		\$0
144 Inter-Program Due From									
145 Assets Held for Sale									
150 Total Current Assets	\$1,517,142	\$13,983	\$0	\$15,680	\$128,019	\$175,708	\$1,850,532	-\$7,221	\$1,843,311
161 Land	\$661,594			\$32,000	\$442,962	\$31,831	\$1,368,387		\$1,368,387
162 Buildings	\$14,233,759			\$259,400	\$259,511	\$129,043	\$14,881,713		\$14,881,713
163 Furniture, Equipment & Machinery - Dwellings	\$269,172				\$4,161	\$375	\$273,708		\$273,708
164 Furniture, Equipment & Machinery - Administration	\$288,553	\$23,944				\$167,218	\$479,715		\$479,715
165 Leasehold Improvements									
166 Accumulated Depreciation	-\$11,860,150	-\$23,772		-\$3,064	-\$125,615	-\$254,958	-\$12,267,559		-\$12,267,559
167 Construction in Progress	\$350,412						\$350,412		\$350,412
168 Infrastructure									
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,143,340	\$172	\$0	\$286,336	\$581,019	\$73,509	\$5,086,376	\$0	\$5,086,376



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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2013

	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	\$282,263			\$18,086	\$4,050		\$304,399		\$304,399
70400 Tenant Revenue - Other	\$59,623			\$534			\$60,157		\$60,157
70500 Total Tenant Revenue	\$341,886	\$0	\$0	\$18,620	\$4,050	\$0	\$364,556	\$0	\$364,556
70600 HUD PHA Operating Grants	\$871,125	\$977,503					\$1,848,628		\$1,848,628
70610 Capital Grants	\$165,553						\$165,553		\$165,553
70710 Management Fee						\$248,262	\$248,262	-\$248,262	\$0
70720 Asset Management Fee						\$36,360	\$36,360	-\$36,360	\$0
70730 Book Keeping Fee						\$25,718	\$25,718	-\$25,718	\$0
70740 From Line Service Fee									
70750 Other Fees									
70700 Total Fee Revenue						\$310,340	\$310,340	-\$310,340	\$0
70800 Other Government Grants									
71100 Investment Income - Unrestricted	\$3,311	\$0		\$3	\$2,062	\$460	\$5,836		\$5,836
71200 Mortgage Interest Income									
71300 Proceeds from Disposition of Assets Held for Sale									
71310 Cost of Sale of Assets									
71400 Fraud Recovery	\$3,286						\$3,286		\$3,286
71500 Other Revenue	\$3,523	\$235		\$198,500		\$545	\$202,803		\$202,803
71600 Gain or Loss on Sale of Capital Assets	-\$1,421						-\$1,421		-\$1,421
72000 Investment Income - Restricted	\$16,657	\$0					\$16,657		\$16,657
70000 Total Revenue	\$1,400,634	\$981,024	\$0	\$217,123	\$6,112	\$311,345	\$2,916,238	-\$310,340	\$2,605,898
91100 Administrative Salaries	\$140,067	\$73,297				\$135,331	\$348,695		\$348,695
91200 Auditing Fees	\$3,906	\$1,049				\$2,412	\$7,367		\$7,367
91300 Management Fee	\$248,262						\$248,262	-\$248,262	\$0
91310 Book-keeping Fee	\$25,718						\$25,718	-\$25,718	\$0
91400 Advertising and Marketing									
91500 Employee Benefit Contributions - Administrative	\$79,468	\$28,633				\$69,934	\$178,035		\$178,035
91600 Office Expenses	\$17,824	\$1,587		\$104		\$5,611	\$26,126		\$26,126
91700 Legal Expense	\$1,444	\$89		\$184		\$571	\$2,288		\$2,288
91800 Travel	\$758					\$6,200	\$6,958		\$6,958
91810 Allocated Overhead									
91900 Other	\$12,649	\$9,234	\$25	\$1,872	\$1,030	\$27,155	\$51,965		\$51,965
91000 Total Operating - Administrative	\$530,096	\$113,889	\$25	\$2,160	\$1,030	\$250,214	\$897,414	-\$273,980	\$623,434
92000 Asset Management Fee	\$36,360						\$36,360	-\$36,360	\$0
92100 Tenant Services - Salaries									
92200 Relocation Costs									
92300 Employee Benefit Contributions - Tenant Services									
92400 Tenant Services - Other	\$4,048						\$4,048		\$4,048
92500 Total Tenant Services	\$4,048	\$0	\$0	\$0	\$0	\$0	\$4,048	\$0	\$4,048

93100 Water	\$76,134	\$75						\$274	\$75,483		\$76,483
93200 Electricity	\$121,290	\$954						\$3,420	\$125,664		\$125,664
93300 Gas		\$354						\$1,325	\$1,679		\$1,679
93400 Fuel											
93500 Labor											
93600 Sewer	\$81,456	\$70							\$81,526		\$81,526
93700 Employee Benefit Contributions - Utilities											
93800 Other Utilities Expense								\$251	\$251		\$251
93000 Total Utilities	\$278,880	\$1,453	\$0	\$0	\$0	\$0	\$0	\$5,270	\$285,603	\$0	\$285,603
94100 Ordinary Maintenance and Operations - Labor	\$172,338								\$172,338		\$172,338
94200 Ordinary Maintenance and Operations - Materials and Other	\$75,616	\$603		\$11				\$2,045	\$78,175		\$78,175
94300 Ordinary Maintenance and Operations Contracts	\$226,764	\$1,021		\$1,335				\$6,003	\$235,123		\$235,123
94500 Employee Benefit Contributions - Ordinary Maintenance	\$143,573							\$12	\$143,585		\$143,585
94000 Total Maintenance	\$618,291	\$1,524	\$0	\$1,346	\$0	\$0	\$0	\$8,060	\$629,221	\$0	\$629,221
95100 Protective Services - Labor											
95200 Protective Services - Other Contract Costs	\$23,032								\$23,032		\$23,032
95300 Protective Services - Other	\$4,887								\$4,887		\$4,887
95500 Employee Benefit Contributions - Protective Services											
95000 Total Protective Services	\$27,919	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27,919	\$0	\$27,919
96110 Property Insurance	\$30,996			\$1,649		\$486		\$339	\$33,470		\$33,470
96120 Liability Insurance	\$9,066	\$832				\$94			\$9,992		\$9,992
96130 Workmen's Compensation	\$4,889	\$978						\$1,334	\$7,201		\$7,201
96140 All Other Insurance	\$12,998	\$235						\$73	\$12,906		\$12,906
96100 Total Insurance Premiums	\$57,049	\$2,045	\$0	\$1,649	\$580			\$2,246	\$63,569	\$0	\$63,569
96200 Other General Expenses		\$481	\$1,739						\$2,220		\$2,220
96210 Compensated Absences	\$1,688	\$405						\$119	\$1,164		\$1,164
96300 Payments in Lieu of Taxes											
96400 Bad debt - Tenant Rents	\$33,247								\$33,247		\$33,247
96500 Bad debt - Mortgages											
96600 Bad debt - Other											
96800 Severance Expense											
96000 Total Other General Expenses	\$34,935	\$76	\$1,739	\$0	\$0			-\$119	\$36,631	\$0	\$36,631
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	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,587,578	\$118,987	\$1,764	\$5,155	\$1,610	\$1,610	\$285,671	\$285,671	\$1,980,765	-\$310,340	\$1,670,425
97000 Excess of Operating Revenue over Operating Expenses	-\$186,944	\$862,037	-\$1,764	\$211,968	\$4,502	\$4,502	\$45,674	\$45,674	\$935,473	\$0	\$935,473
97100 Extraordinary Maintenance											
97200 Casualty Losses - Non-capitalized											
97300 Housing Assistance Payments		\$895,211							\$895,211		\$895,211
97350 HAP Forfeiture-In											
97400 Depreciation Expense	\$425,047	\$77	\$116	\$2,894	\$7,502	\$7,502	\$6,882	\$6,882	\$442,518		\$442,518



HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013

<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	\$ 785,998	\$ 785,998
IN009VO	Housing Choice Voucher Program	14.871	977,503	977,503
C-853	Capital Fund Program	14.872	<u>1,858,134</u>	<u>250,680</u>
<b>TOTAL U.S. DEPARTMENT OF HUD</b>			<b><u>\$ 3,621,635</u></b>	<b><u>\$ 2,014,181</u></b>

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.

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, 2013, 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 January 27, 2014.

### **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. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Cost that I consider to be significant deficiencies as item 2013-01.

### **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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Cost as item 2013-01.

**Housing Authority of the City of Richmond's Response to Findings**

The Housing Authority of the City of Richmond's response to the finding identified in my audit is described in the accompanying Schedule of Findings and Questioned Cost. Housing Authority of the City of Richmond's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

I noted certain matters that I reported to management of Housing Authority of the City of Richmond in a separate letter dated January 27, 2014.

**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  
January 27, 2014

# 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; and Report on the Schedule of Expenditures of Federal Awards 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, 2013. 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 I 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, 2013.

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

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and where are described in the accompanying Schedule of Findings and Questioned Cost as item 2013-02. My opinion on each major federal program is not modified with respect to these matters.

Housing Authority of the City of Richmond's response to the noncompliance findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Cost. Housing Authority of the City of Richmond's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly I express no opinion on the response.

## 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 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 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, I identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Cost as item 2013-02 that I consider to be significant deficiencies.

Housing Authority of the City of Richmond's response to the internal control over compliance findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Cost. Housing Authority of the City of Richmond's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly I express no opinion on the response.

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.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of the Housing Authority of the City of Richmond as of and for the year ended June 30, 2013, and have issued my report thereon dated January 27, 2014. My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the OMB Circular A-133 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 as a whole.

*Goldie Roberts*  
Certified Public Accountant

HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

June 30, 2013

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?   X   yes        none reported

Noncompliance material to financial statements  
noted?   X   yes        no

FEDERAL AWARDS

Internal control over major programs:  
~ Material weakness(es) identified?   X   yes        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?   X   yes        no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Housing Choice Voucher

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

Auditee qualified as low-risk auditee?        yes   X   no

HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

June 30, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

PRIOR AUDIT FINDINGS

2012-01

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:

The Housing Choice Voucher program still has negative equity.

This finding continues as 2013-01.

CURRENT AUDIT FINDINGS

SECTION II - FINANCIAL STATEMENT FINDINGS

2013-01

CURRENT

CONDITION:

HOUSING CHOICE VOUCHER-NEGATIVE EQUITY:

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.

CFDA#:

14.871

CRITERIA:

Under HUD requirement each Housing authority is to administer the program within the budget (subsidy) provided. When the administrative expenses exceed available funds, restricted HAP equity is used. This use of restricted funds is not allowed.

CAUSE/EFFECT:

The Housing Authority was not monitoring expenditures and was using restricted funds for unallowed purposes.

RECOMMENDATION:

The Housing Authority must monitor funds available and operate within the budgetary constraints.

REPLY:

Derek White, Executive Director is the person responsible for correcting this issue. The Housing Authority City of Richmond (HACR) has been working with HUD nationally and on the state level to resolve this outstanding issue once and for all. With that being said, Derek White met with Milan M. Ozdinec, Deputy Assistant Secretary, Office of Public Housing and Voucher Programs, his staff and HACR legal representative Rod Solomon on March 19, 2013 at HUD Headquarters in Washington, D.C. to discuss the use of Turnkey III Funding sources. HUD has agreed to permit HACR to use Turnkey III Funds to offset the reduction in HAP and Administrative Fee funding up to its baseline of 273 units for the HCV Program.

HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

June 30, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2013-01 CURRENT  
CONDITION: HOUSING CHOICE VOUCHER-NEGATIVE EQUITY: (Continued)

REPLY: (Cont) The final approval was given in August of 2013 and HACR has begun using the funds for HAP payments. The Admin Fees were approved on a year by year basis i.e. for the years of 2013 and 2014 (if needed) depending on the proration. The use of these funds will cover the shortfall and will allow HACR's budget to no longer be in an overspent position going forward. This finding carried over from the previous year because the final approval was not given until after HACR's fiscal year end.

2013-02 CURRENT  
CONDITION: RENTAL COLLECTION PROCESS:

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.

CRITERIA: HUD rules and regulations require internal controls over the cash receipts process.

CAUSE/EFFECT: The Authority did not keep the documentation in order through out the year and was unable to readily pull the information for audit.

RECOMMENDATION: The Authority should keep and file each days deposit information. The receipts in each deposit should be recorded. A reconciliation tape should be run on each deposit.

REPLY: Jody Snyder, Cashier will be the primary person responsible for correcting this issue. HACR will consult with its Fee Accountant HABCO to address a more streamlined process and to better identify and correlate the daily deposits, receipts and reconciliation. The target date for this process to be completed is within ninety (90) days of the date of the FYE 2013 audit. HACR will also work with HABCO's Information Technology (IT) Department to explore single document vs. multiple document transactions relative to tenant rent, pet deposits, surcharges, payback agreements, etc.

HOUSING AUTHORITY OF THE CITY OF RICHMOND  
Richmond, Indiana

June 30, 2013

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

<u>FINDING</u>	<u>CONDITION</u>	<u>STATUS</u>
2012-01	Housing Choice Voucher-Negative Equity	Continues



# Goldie Roberts

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January 27, 2014

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

In planning and performing my audit of the financial statements of the Housing Authority of the City of Richmond as of and for the year ended June 30, 2013, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect my report dated January 27, 2014 on the financial statements of the Authority.

I will review the status of the comments during my next audit engagement. I have already discussed the comments and suggestions with Authority personnel, and will be pleased to discuss the comments in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation. My comments are summarized as follows:

1. **CONDITION: SEMAP**

The Authority did not provide supporting documentation for each of the indicators.

**RECOMMENDATION:**

The Authority should document each of the indicators.

I wish to thank the Executive Director and the staff of the Authority for their support and assistance during my audit.

This report is intended solely for the information and use of the Authority's management, the U.S. Department of HUD, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Goldie Roberts  
Certified Public Accountant