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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, 2014 to June 30, 2015. 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, 2015 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, 2015

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, 2015

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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, 2015, 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, 2015, 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 January 15, 2016 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 15, 2016

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana
Management's Discussion and Analysis
June 30, 2015

Management's discussion and analysis (MD&A) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position for the fiscal year ended June 30, 2015. Please read it in conjunction with the Authority's financial statements.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Authority's accounting records are structured as an enterprise fund with revenues recognized when earned, rather than when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their estimated useful lives. The accounting for enterprise funds is similar to the accounting used by businesses. See the note to the financial statements for a summary of the Authority's significant accounting policies.

Following the MD&A are the basic financial statements of the Authority together with notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The **Statement of Net Position** presents information similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources of the Authority. The statement is presented in the format where assets, minus liabilities, equal net position. Assets and liabilities are presented in order of liquidity, and are classified as current and non-current.

Net position is reported in three broad categories:

Investment in Capital Assets: This component consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component consists of assets that are constrained by limitations placed on their use by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: This component consists of net position that is not restricted and does not meet the definition of Investment in Capital Assets.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana
Management's Discussion and Analysis
June 30, 2015

(Continued)

The **Statement of Revenues, Expenses, and Changes in Fund Net Position** presents information showing how the Authority's net position changed during the year. This statement includes operating revenues, such as rental income, operating expenses, such as administrative, utilities, and maintenance, and non-operating revenue and expenses, such as grant revenue, investment income, interest expense, and gains or losses from the sale or disposition of capital assets. The focus of the statement is the change in net position, which is similar to net income or loss for a business entity.

The **Statement of Cash Flows** reports net cash provided by or used by operating activities, non-capital financing activities, capital and related financing activities and investing activities.

The **Notes to Financial Statements** provide additional information that is essential to a full understanding of the information included in the financial statements.

In addition to the basic financial statements and accompanying notes, this report includes two types of supplementary information: required supplementary information and other supplementary information. Required supplementary information must be included to conform with generally accepted accounting principles. Management's discussion and analysis is the required supplementary information.

Other supplementary information is not required by generally accepted accounting principles but is presented for additional analysis purposes or to meet other requirements. The financial data schedule is required by the U.S. Department of Housing and Urban Development (HUD). The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget and *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

Program Information

Low Income Public Housing: The Authority owns 303 units in Richmond, Indiana. Under the low income public housing program, the Authority rents units that it owns to low-income households. The program is operated under an annual contributions contract with HUD, and HUD provides operating subsidy and capital funding to enable the Authority to provide housing at a rent that is based on a percentage of household income. The conventional public housing program includes the capital fund program, which is the primary funding source for physical improvements to the Authority's properties. The purpose of the capital fund program is to maintain the physical improvements of the Authority's sites. The Authority requisitions fund from HUD as the Authority expense funds.

Section 8 Housing Choice Vouchers: The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income families under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 Richmond, Indiana
Management's Discussion and Analysis
 June 30, 2015

(Continued)

difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating family. The objective of the program is to assist in making tenant-based rental assistance more successful by helping increase housing choices for low-income families and assisting them in obtaining affordable housing.

The Neighborhood Stabilization Program (NSP): The NDP consists of 10 houses that the City of Richmond, IN has given to the HACR for affordable housing. These houses are currently not part of HACR agreement with HUD.

Financial Position and Analysis

Table 1 compares the Authority's financial position for the fiscal years ended June 30, 2015 and 2014:

Table 1 - Entity-Wide Balance Sheet Comparison

<u>The Housing Authority of the City of Richmond</u>				
	2015	2014	Increase (Decrease)	Percent Variance
<u>Assets</u>				
Cash & cash equivalents	\$ 1,164,018	\$ 1,424,084	\$ (260,066)	-18.26%
Other Current Assets	122,636	88,900	33,736	37.95%
Noncurrent Assets	4,924,740	5,188,401	(263,661)	-5.08%
Total Assets	6,211,394	6,701,385	(489,991)	-7.31%
<u>Liabilities</u>				
Current Liabilities	123,529	159,437	(35,908)	-22.52%
Noncurrent Liabilities	57,897	50,547	7,350	14.54%
Total Liabilities	181,426	209,984	(28,558)	-13.60%
<u>Net Position</u>				
Investment in Capital Assets	4,924,740	5,188,401	(263,661)	-5.08%
Restricted Net Position	596,505	523,041	73,464	14.05%
Unrestricted Net Position	508,723	779,959	(271,236)	-34.78%
Total Net Position	\$ 6,029,968	\$ 6,491,401	\$ (461,433)	-7.11%

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 Richmond, Indiana
Management's Discussion and Analysis
 June 30, 2015

(Continued)

Cash & Cash Equivalents decreased by \$260,066 or 18.26 percent due to changes in HUD funding levels compared to prior year and required payments of principal and interest payments and also due to a reclassification of Business Activity's investments from cash & cash equivalents to other current assets.

Other Current Assets increased by \$33,736 or 37.95 percent. This increase is due mainly to investments held by Business Activity's that were reported as cash & cash equivalents in the prior year but as other current assets in the current year.

Current Liabilities decreased by \$35,908 or 22.52 percent primarily due to paying off liabilities more quickly than in the prior year along with a lower compensated absences balance.

Noncurrent Liabilities increased by \$7,350 or 14.54 percent. This increase is primarily due to Business Activity's increase in the Home Buyers Reserves balance.

Table 2 focuses on the changes in Net Position
Table 2 - Entity-Wide Income Statement Comparison

<u>The Housing Authority of the City of Richmond</u>				
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
<u>Operating Revenue & Expense</u>				
Operating Revenue	\$ 2,886,942	\$ 2,830,469	\$ 56,473	2.00%
Operating Expenses	1,847,453	1,583,328	264,125	16.68%
Total Operating Income (Loss)	1,039,489	1,247,141	(207,652)	-16.65%
Non-Operating Revenues & Expenses, Net	(1,500,922)	(1,508,504)	7,582	-0.50%
Income (Loss) in Net Position	(461,433)	(261,363)	(200,070)	76.55%
Net Position, Beginning of year	6,491,401	6,752,764	(261,363)	-3.87%
Net Position, End of year	<u>\$ 6,029,968</u>	<u>\$ 6,491,401</u>	<u>\$ (461,433)</u>	<u>-7.11%</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 Richmond, Indiana
Management's Discussion and Analysis
 June 30, 2015

(Continued)

Table 3 presents a summary of the Authority's revenue by source:

Table 3 - Entity-Wide Revenue Comparison

<u>The Housing Authority of the City of Richmond</u>				
	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Variance</u>
<u>Operating Revenue (Loss)</u>				
Tenant Revenue	\$ 389,452	\$ 354,868	\$ 34,584	9.75%
Government Operating Grants	2,119,830	1,910,337	209,493	10.97%
Government Capital Grants	345,121	528,845	(183,724)	-34.74%
Other Income	32,539	36,419	(3,880)	-10.65%
Total Operating Income (Loss)	<u>2,886,942</u>	<u>2,830,469</u>	<u>56,473</u>	<u>2.00%</u>
Total Revenue (Loss)	<u>\$ 2,886,942</u>	<u>\$ 2,830,469</u>	<u>\$ 56,473</u>	<u>2.00%</u>

Tenant Revenue increased by \$34,584 or 9.75 percent. This decrease was due to a greater amount of total units leased during 2015 compared to 2014.

Public Housing Operating Grants increased by \$209,493 or 10.97 percent due to an increase in operating subsidy funding availability for Public Housing and also set-aside funding requested and rewarded for the Housing Choice Voucher program. As leasing increases so too does the need for operating funds requested by the Authority.

Public Housing Capital Fund decreased by \$217,837 or 41.19 percent due to a decrease in capital expenditures during fiscal year 2015.

Other Income decreased by \$3,880 or 10.65 percent. This decrease was due largely to a decrease in restricted investment income during the year for Public Housing.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 Richmond, Indiana
Management's Discussion and Analysis
 June 30, 2015

(Continued)

Table 4 presents a summary of the Authority's operating expenses:

Table 4 - Entity-Wide Expense Comparison

<u>The Housing Authority of the City of Richmond</u>				
	2015	2014	Increase (Decrease)	Percent Variance
Administrative	\$ 662,540	\$ 624,622	\$ 37,918	6.07%
Tenant Services	10,274	5,481	4,793	87.45%
Utilities	289,150	293,589	(4,439)	-1.51%
Maintenance	771,862	555,853	216,009	38.86%
Insurance	71,378	69,849	1,529	2.19%
General Expense	42,249	33,934	8,315	24.50%
Total Operating Expenses	\$ 1,847,453	\$ 1,583,328	264,125	16.68%
Depreciation Expense	438,912	429,761	9,151	2.13%
Housing Assistance Payments	1,062,010	1,078,743	(16,733)	-1.55%
Total Non-Operating Expenses	\$ 1,500,922	\$ 1,508,504	(7,582)	-0.50%
Total Expenses	\$ 3,348,375	\$ 3,091,832	\$ 256,543	8.30%

Tenant Services increased by \$4,793 or 87.45 percent primarily due to an increase in recreation publication expenses incurred during the year.

Maintenance increased by \$216,009 or 38.86 percent due to increases in materials purchased and maintenance contracts for Public Housing to improve unit conditions.

General Expense increased by \$8,315 or 24.50 percent primarily due to increase in tenant bad debt expense.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 Richmond, Indiana
Management's Discussion and Analysis
 June 30, 2015

(Continued)

Budgetary Analysis

The Authority adopts a consolidated annual operating budget for all programs. The budget for Low Income Public Housing and Housing Choice Voucher are adopted on the basis of accounting described by HUD, which differs in some respects from generally accepted accounting principles.

Low-Income Public Housing Budgetary Highlights

Table 5 - Low Income Public Housing Program - Actual vs. Budget

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Percent Variance Favorable (Unfavorable)</u>
<u>Operating Revenue</u>				
Rental income	\$ 307,308	\$ 389,452	\$ 82,144	26.73%
Operating subsidy	963,724	2,119,830	1,156,106	119.96%
Capital Grant	151,586	345,121	193,535	127.67%
Other income	52,600	32,539	(20,061)	-38.14%
Total Revenue	1,475,218	2,886,942	1,411,724	95.70%
<u>Expenses</u>				
Administrative	540,369	662,540	(122,171)	-22.61%
Tenant Services	6,000	10,274	(4,274)	-71.23%
Utilities	305,500	289,150	16,350	5.35%
Maintenance	480,089	771,862	(291,773)	-60.77%
Protective Srvices	28,500	28,500	28,500	100.00%
Insurance	57,050	71,378	(14,328)	-25.11%
General Expenses	57,710	42,249	15,461	26.79%
Total Expenses	1,475,218	1,847,453	(372,235)	-25.23%
Income (Over) Under Expenses	\$ -	\$ 1,039,489	\$ 1,039,489	100.00%

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 Richmond, Indiana
Management's Discussion and Analysis
 June 30, 2015

(Continued)

Operating Subsidy was greater than budget by \$5,919 or .61 percent. The cause of this was primarily due to an increase in funding levels from HUD and Capital Fund Grants for administration costs.

Administrative Expenses were less than budget by \$122,171 or 22.61 percent. The variance primarily reflects staffing changes and cutting office expenses.

Tenant Services were under budget by \$4,274 or 71.23 percent due to changes in staffing.

Utilities exceeded the budget by \$16,350 or 5.35 percent due to abnormally colder weather during Fiscal Year 2015.

Maintenance was under budget by \$291,773 or 60.77 percent due to lower than expected contracts for repair services.

Capital Assets

Table 6 summarizes the Authority's investment in capital assets.

Table 6 - Summary of Entity-Wide of Capital Asset Activity

	2015	2014	Increase (Decrease)	Percent Variance
Land	\$ 1,368,387	\$ 1,368,387	\$ -	0.00%
Buildings	15,666,734	15,151,043	515,691	3.40%
Furniture and Equipment - Dwellings	298,961	331,406	(32,445)	-9.79%
Furniture and Equipment - Administration	511,623	479,715	31,908	6.65%
Construction in progress	215,266	555,171	(339,905)	-61.23%
	<u>18,060,971</u>	<u>17,885,722</u>	<u>175,249</u>	<u>0.98%</u>
Less: accumulated depreciation	<u>(13,136,231)</u>	<u>(12,697,321)</u>	<u>(438,910)</u>	<u>3.46%</u>
Capital Assets, Net	<u>\$ 4,924,740</u>	<u>\$ 5,188,401</u>	<u>\$ (263,661)</u>	<u>-5.08%</u>

Acquisitions are capitalized at cost and depreciated using the straight-line method of depreciation. Additional information and details can be found in the Notes to the Financial Statements.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 Richmond, Indiana
Management's Discussion and Analysis
 June 30, 2015

(Continued)

Capital funding available for 2015 is as follows:

Table 7 - Summary of Capital Fund Grants

	<u>Grant</u>	<u>Total Budget</u>	<u>Expended through 6/30/2015</u>	<u>Budget Remaining at 6/30/2015</u>
Capital Fund Program 2011	501-11	437,041	437,041	-
Capital Fund Program 2012	501-12	396,278	396,278	-
Capital Fund Program 2013	501-13	378,341	312,768	65,573
Capital Fund Program 2014	501-14	399,960	119,100	280,860
				<u>\$ 346,433</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana
Management's Discussion and Analysis
June 30, 2015

(Continued)

Significant Economic Factors Affecting the Authority

- The Department of Housing and Urban Development (HUD) has historically been underfunded to meet the subsidy needs of Public Housing Authorities (PHAs). We do not expect this trend to change.
- Even if HUD were fully funded for both the Operating and Capital Funds, it is unlikely that Congress would appropriate adequate funding. Pressure on the federal budget will remain in the form of both record deficits and competing funding needs. Further, increased funding for the Departments of Defense and Homeland Security may result in reduced appropriations for all other domestic program spending.
- Rising cost of utility rates, supplies, and other costs may impact our budgets in future years.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for those interested. If you should have additional questions regarding the financial information, you can contact our offices by writing to the following address:

Housing Authority of the City of Richmond
Attn: Derek White
Executive Director
58 South 15th Street
Richmond, IN 47374

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

STATEMENT OF NET POSITION

JUNE 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$	422,565
Restricted cash and cash equivalents		741,453
Accounts receivable, net		17,789
Prepaid expenses		87,151
Inventory, net		17,696
Current Assets		1,286,654

Capital Assets

Land and other nondepreciable assets		1,583,653
Depreciable capital assets, net		3,341,087
Total Capital Assets		4,924,740

Total Assets 6,211,394

LIABILITIES

Current liabilities

Accounts payable		38,273
Accrued liabilities		29,776
Payable from restricted cash and cash equivalents:		
Tenants security deposits		54,962
Unearned revenue		518
Total Current Liabilities		123,529

Noncurrent liabilities 57,897

Total Liabilities 181,426

NET POSITION

Investment in capital assets		4,924,740
Restricted		596,505
Unrestricted		508,723
Total Net Position	\$	6,029,968

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, 2015

<u>OPERATING REVENUES</u>	
Rental income	\$ 389,452
Other income	16,758
	<hr/>
TOTAL OPERATING REVENUE	406,210
	<hr/>
<u>OPERATING EXPENSES</u>	
Administrative	662,540
Tenant services	10,274
Utilities	289,150
Ordinary maintenance and operation	771,862
General expense	113,627
Housing Assistance Payments	1,062,010
Depreciation expense	438,912
	<hr/>
TOTAL OPERATING EXPENSES	3,348,375
	<hr/>
OPERATING INCOME (LOSS)	(2,942,165)
	<hr/>
<u>NONOPERATING REVENUES</u>	
Federal operating grants	2,314,722
Interest income	15,781
	<hr/>
NET NONOPERATING REVENUES	2,330,503
	<hr/>
CAPITAL CONTRIBUTIONS	150,229
	<hr/>
CHANGE IN NET POSITION	(461,433)
	<hr/>
TOTAL NET POSITION - BEGINNING OF YEAR	6,491,401
	<hr/>
TOTAL NET POSITION - END OF YEAR	\$ 6,029,968
	<hr/> <hr/>

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, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	419,965
Payments to vendors		(1,098,772)
Payments to landlords		(1,062,010)
Payments to employees		(824,730)
Net Cash Used by Operating Activities		<u><u>(2,565,547)</u></u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grants received		2,314,722
Net Cash From Noncapital Financing Activities		<u><u>2,314,722</u></u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received		150,229
Acquisition and construction of capital assets		(175,251)
Net Cash Flows Provided (Used)		<u><u>(25,022)</u></u>
by Capital and Related Financing Activities		<u><u>(25,022)</u></u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		15,781
Net Cash From Investing Activities		<u><u>15,781</u></u>

Net Increase in Cash and Cash Equivalents (260,066)

Cash - Beginning of year		1,424,084
Cash - End of year	\$	<u><u>1,164,018</u></u>

Reconciliation of Deposits:

Cash and cash equivalents	\$	422,565
Restricted cash and cash equivalents		741,453
Total Deposits	\$	<u><u>1,164,018</u></u>

Continued

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

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

Operating income (loss)	\$	(2,942,165)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation		438,912
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		13,755
Prepaid expenses		(42,166)
Inventory		(5,325)
Increase (Decrease) in:		
Accounts payable		2,375
Accrued liabilities		(6,789)
Unearned revenue		(24,144)
Net Cash Used by Operating Activities	\$	<u><u>(2,565,547)</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, 2015

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	303
HACR Rentals Inc.	10
Housing Assistance Payments Program:	
Housing Choice Vouchers	256
Total	<u>569</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. 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.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

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

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.

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, 2015.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

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

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, and administrative expenses. 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, 2015
(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, 2015, 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 \$1,164,018 at June 30, 2015. Bank balances before reconciling items were \$1,276,132 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	\$ 304,469
Certificates of Deposit	<u>859,549</u>
Total	<u>\$ 1,164,018</u>

NOTE C - Accounts Receivable:

Accounts receivable at June 30, 2015, consist of the following:

Tenant accounts receivable, net of allowance for doubtful accounts of \$4,380	\$ 3,596
Fraud recovery, net of allowance of \$37,078	12,259
Miscellaneous accounts receivable	611
HUD	<u>1,323</u>
Total	<u>\$ 17,789</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE D - Prepaid Expenses:

Prepaid expenses at June 30, 2015, consist of the following:

Prepaid insurance \$ 87,151

NOTE E - Inventory:

Inventory at June 30, 2015, consist of the following:

Materials and supplies \$ 17,696

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 <u>06/30/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balance <u>06/30/15</u>
Capital assets, not being depreciated:					
Land	\$ 1,368,387	\$ 0	\$ 0	\$ 0	\$ 1,368,387
Construction in Progress	<u>555,171</u>	<u>150,299</u>	<u>0</u>	<u>(490,204)</u>	<u>215,266</u>
Total Capital Assets, Not being depreciated	<u>1,923,558</u>	<u>150,299</u>	<u>0</u>	<u>(490,204)</u>	<u>1,583,653</u>
Capital Assets, being depreciated:					
Buildings & Improvements	15,151,043	25,487	0	490,204	15,666,734
Furniture, Equipment & Machinery	<u>811,121</u>	<u>0</u>	<u>(537)</u>	<u>0</u>	<u>810,584</u>
Total Capital Assets, being depreciated	<u>15,962,164</u>	<u>25,487</u>	<u>(537)</u>	<u>490,204</u>	<u>16,477,318</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(11,896,812)	(392,651)	0	0	(12,289,463)
Furniture, Equipment and Machinery	<u>(800,509)</u>	<u>(25,063)</u>	<u>(21,196)</u>	<u>0</u>	<u>(846,768)</u>
Total Accumulated Depreciation:	<u>(12,697,321)</u>	<u>(417,714)</u>	<u>(21,733)</u>	<u>0</u>	<u>(13,136,231)</u>
Total Capital Assets, being depreciated, net	<u>3,264,843</u>	<u>(392,227)</u>	<u>(21,733)</u>	<u>490,204</u>	<u>3,341,087</u>
Capital Assets, Net	<u>\$ 5,188,401</u>	<u>\$ (241,928)</u>	<u>\$ (21,733)</u>	<u>\$ 0</u>	<u>\$ 4,924,740</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE F - Capital Assets: (Continued)

Major construction renovation through the Capital Fund Grant Program costs of \$346,433 that has yet to be expended under the current programs. HUD has approved funding for the above amount.

Depreciation expense of \$438,912 was incurred during the year.

NOTE G - Accounts Payable:

Accounts Payable at June 30, 2015, consists of the following:

Accounts Payables	<u>\$ 38,273</u>
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NOTE H - Accrued Liabilities:

Accrued liabilities at June 30, 2015, consist of the following:

Accrued compensated absences	\$ 17,898
Accrued Payroll and Withholdings	<u>11,878</u>
Total	<u>\$ 29,776</u>

NOTE I - Unearned Revenue:

Unearned revenue at June 30, 2015, consists of the following:

Prepaid rent and other unearned revenue	<u>\$ 518</u>
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NOTE J - Noncurrent liabilities:

Noncurrent liabilities at June 30, 2015, consist of the following:

	<u>06/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>06/30/15</u>
Home Buyer Reserves	<u>\$ 50,547</u>	<u>\$ 7,350</u>	<u>\$ 0</u>	<u>\$ 57,897</u>

NOTE K - Commitments and Contingencies:

Litigation - At June 30, 2015, 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, 2015. 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 \$35,048 pertaining to its Capital Fund Program.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(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, 2015 were as follows:

Low Income Public Housing	\$ 969,643
Capital Fund Program	194,892
Housing Choice Vouchers	<u>1,150,187</u>
Total	<u>\$ 2,314,722</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, 2015 were \$150,229.

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 2015, the Housing Authority contributed \$63,867.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

NOTE Q - Pension Plan: (Continued)

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, 2015

	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	\$ 179,679	\$ 0	\$ 40,912
Restricted cash and cash equivalents	619,898	0	60,579
Accounts receivable, net	8,454	0	9,145
Prepaid expenses	61,007	0	2,067
Interfund	0	0	0
Inventory, net	17,696	0	0
Total Current Assets	886,734	0	112,703
<u>Capital Assets</u>			
Land and other nondepreciable assets	1,076,860	0	0
Depreciable capital assets, net	2,935,421	0	5,216
Total Capital Assets	4,012,281	0	5,216
Total Assets	4,899,015	0	117,919
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	25,220	0	252
Accrued liabilities	15,163	0	5,531
Interfund	162,050	0	0
Payable from restricted cash and cash equivalents:			
Tenants security deposits	51,883	0	0
Unearned revenue	27	0	0
Total Current Liabilities	254,343	0	5,783
<u>Noncurrent liabilities</u>	0	0	0
Total Liabilities	254,343	0	5,783
<u>NET POSITION</u>			
Investment in capital assets	4,012,281	0	5,216
Restricted	535,926	0	60,579
Unrestricted	96,465	0	46,341
Total Net Position	\$ 4,644,672	\$ 0	\$ 112,136

Homeless Prevention Program	State/ Local	Business Activities	Central Office Cost Center	Interfund Elimination	Total
\$ 0	\$ 60,946	\$ 88,550	\$ 52,478	\$ 0	\$ 422,565
0	3,079	57,897	0	0	741,453
0	190	0	0	0	17,789
0	755	0	23,322	0	87,151
0	0	0	164,519	(164,519)	0
0	0	0	0	0	17,696
<u>0</u>	<u>64,970</u>	<u>146,447</u>	<u>240,319</u>	<u>(164,519)</u>	<u>1,286,654</u>
0	32,000	442,962	31,831		1,583,653
0	245,075	122,989	32,386		3,341,087
<u>0</u>	<u>277,075</u>	<u>565,951</u>	<u>64,217</u>	<u>0</u>	<u>4,924,740</u>
<u>0</u>	<u>342,045</u>	<u>712,398</u>	<u>304,536</u>	<u>(164,519)</u>	<u>6,211,394</u>
0	0	0	12,801	0	38,273
0	0	0	9,082	0	29,776
0	0	2,469	0	(164,519)	0
0	3,079	0	0	0	54,962
0	0	491	0	0	518
<u>0</u>	<u>3,079</u>	<u>2,960</u>	<u>21,883</u>	<u>(164,519)</u>	<u>123,529</u>
<u>0</u>	<u>0</u>	<u>57,897</u>	<u>0</u>	<u>0</u>	<u>57,897</u>
<u>0</u>	<u>3,079</u>	<u>60,857</u>	<u>21,883</u>	<u>(164,519)</u>	<u>181,426</u>
0	277,075	565,951	64,217	0	4,924,740
0	0	0	0	0	596,505
0	61,891	85,590	218,436	0	508,723
<u>\$ 0</u>	<u>\$ 338,966</u>	<u>\$ 651,541</u>	<u>\$ 282,653</u>	<u>\$ 0</u>	<u>\$ 6,029,968</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

COMBINING SCHEDULE OF REVENUES, EXPENSES AND PROGRAM CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Annual Contributions		
	C-853	C-853	IN009
	Low Income Public Housing	Capital Fund Programs	Section 8 Vouchers
<u>OPERATING REVENUES</u>			
Rental income	\$ 336,347	\$ 0	\$ 0
Other income	14,219	0	2,539
TOTAL OPERATING REVENUE	350,566	0	2,539
<u>OPERATING EXPENSES</u>			
Administrative	606,127	0	132,266
Tenant services	10,274	0	0
Utilities	280,143	0	1,739
Ordinary maintenance and operation	727,346	0	5,603
General expense	96,346	0	3,312
Housing Assistance Payments	0	0	1,062,010
Depreciation expense	417,714	0	165
TOTAL OPERATING EXPENSES	2,137,950	0	1,205,095
OPERATING INCOME (LOSS)	(1,787,384)	0	(1,202,556)
<u>NONOPERATING REVENUES</u>			
Federal operating grants	969,643	194,892	1,150,187
Interest income	13,951	0	52
NET NONOPERATING REVENUES	983,594	194,892	1,150,239
CAPITAL CONTRIBUTIONS	0	150,229	0
CHANGE IN NET POSITION	(803,790)	345,121	(52,317)
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	5,103,341	0	164,453
Equity transfers	345,121	(345,121)	0
TOTAL NET POSITION - BEGINNING OF YEAR as restated	5,448,462	(345,121)	164,453
TOTAL NET POSITION - END OF YEAR	\$ 4,644,672	\$ 0	\$ 112,136

Contracts

Homeless Prevention Program	State/ Local	Business Activities	Central Office Cost Center	Interfund Elimination	Total
\$ 0	\$ 49,055	\$ 4,050	\$ 0	\$ 0	\$ 389,452
0	0	0	311,430	(311,430)	16,758
0	49,055	4,050	311,430	(311,430)	406,210
0	4,560	1,238	229,779	(311,430)	662,540
0	0	0	0	0	10,274
0	525	0	6,743	0	289,150
0	7,108	2,217	29,588	0	771,862
0	9,261	524	4,184	0	113,627
0	0	0	0	0	1,062,010
0	6,790	7,518	6,725	0	438,912
0	28,244	11,497	277,019	(311,430)	3,348,375
0	20,811	(7,447)	34,411	0	(2,942,165)
0	0	0	0	0	2,314,722
0	27	829	922	0	15,781
0	27	829	922	0	2,330,503
0	0	0	0	0	150,229
0	20,838	(6,618)	35,333	0	(461,433)
0	318,128	658,159	247,320	0	6,491,401
0	0	0	0	0	0
0	318,128	658,159	247,320	0	6,491,401
\$ 0	\$ 338,966	\$ 651,541	\$ 282,653	\$ 0	\$ 6,029,968

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED
JUNE 30, 2015

Annual Contributions Contract C-853

1. The Capital Fund Grant Costs are as follows:

	<u>501-11</u>	<u>501-12</u>
Funds Approved	\$ 437,041	\$ 396,278
Funds Expended	<u>437,041</u>	<u>396,278</u>
Excess / (Deficiency) of Funds Approved	\$ <u>0</u>	\$ <u>0</u>
Funds Advanced	\$ 437,041	\$ 396,278
Funds Expended	<u>437,041</u>	<u>396,278</u>
Excess / (Deficiency) of Funds Advanced	\$ <u>0</u>	\$ <u>0</u>

2. Costs additions totaling \$ 37,821 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, 2015 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.

356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$57,897	\$0	\$57,897	\$0	\$57,897
300 Total Liabilities	\$254,343	\$5,783	\$3,079	\$60,857	\$21,883	\$345,945	-\$164,519	\$181,426
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	\$4,012,281	\$5,216	\$277,075	\$565,951	\$64,217	\$4,924,740		\$4,924,740
511.4 Restricted Net Position	\$535,926	\$50,579	\$0	\$0	\$0	\$596,505		\$596,505
512.4 Unrestricted Net Position	\$96,465	\$46,341	\$61,891	\$85,590	\$218,436	\$508,723		\$508,723
513 Total Equity - Net Assets / Position	\$4,644,672	\$112,135	\$338,966	\$651,541	\$282,653	\$6,029,968	\$0	\$6,029,968
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,899,015	\$117,919	\$342,045	\$712,398	\$304,536	\$6,375,913	-\$164,519	\$6,211,394

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

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2015

	Project Total	14.871 Housing Choice Vouchers	2 State/Local	1 Business Activities	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$280,531		\$49,017	\$4,050		\$333,598		\$333,598
70400 Tenant Revenue - Other	\$55,816		\$38			\$55,854		\$55,854
70500 Total Tenant Revenue	\$336,347	\$0	\$49,055	\$4,050	\$0	\$389,452	\$0	\$389,452
70600 HUD PHA Operating Grants	\$1,164,535	\$1,150,187				\$2,314,722		\$2,314,722
70610 Capital Grants	\$150,229					\$150,229		\$150,229
70710 Management Fee					\$285,675	\$285,675	-\$285,675	\$0
70720 Asset Management Fee								
70730 Book Keeping Fee					\$25,755	\$25,755	-\$25,755	\$0
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue					\$311,430	\$311,430	-\$311,430	\$0
70800 Other Government Grants								
71100 Investment Income - Unrestricted	\$1,066	\$52	\$27	\$829	\$922	\$2,896		\$2,896
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery		\$1,467				\$1,467		\$1,467
71500 Other Revenue	\$14,219	\$1,072				\$15,291		\$15,291
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted	\$12,885					\$12,885		\$12,885
70000 Total Revenue	\$1,679,281	\$1,152,778	\$49,082	\$4,879	\$312,352	\$3,198,372	-\$311,430	\$2,886,942
91100 Administrative Salaries	\$169,013	\$84,386			\$116,096	\$369,495		\$369,495
91200 Auditing Fees	\$2,280	\$680			\$4,081	\$7,041		\$7,041
91300 Management Fee	\$285,675					\$285,675	-\$285,675	\$0
91310 Book-keeping Fee	\$25,755					\$25,755	-\$25,755	\$0
91400 Advertising and Marketing								
91500 Employee Benefit contributions - Administrative	\$81,599	\$35,419			\$61,534	\$178,552		\$178,552
91600 Office Expenses	\$24,985	\$2,067		\$42	\$22,158	\$49,252		\$49,252
91700 Legal Expense	\$3,487				\$41	\$3,528		\$3,528
91800 Travel					\$713	\$713		\$713
91810 Allocated Overhead								
91900 Other	\$13,333	\$9,714	\$4,560	\$1,196	\$25,156	\$53,959		\$53,959
91000 Total Operating - Administrative	\$606,127	\$132,266	\$4,560	\$1,238	\$229,779	\$973,970	-\$311,430	\$662,540
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other	\$10,274					\$10,274		\$10,274
92500 Total Tenant Services	\$10,274	\$0	\$0	\$0	\$0	\$10,274	\$0	\$10,274
93100 Water	\$70,228	\$317	\$48		\$961	\$71,554		\$71,554
93200 Electricity	\$127,519	\$824	\$355		\$3,961	\$132,659		\$132,659
93300 Gas		\$503	\$122		\$1,537	\$2,162		\$2,162
93400 Fuel								
93500 Labor								
93600 Sewer	\$82,396	\$95				\$82,491		\$82,491
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense					\$284	\$284		\$284
93000 Total Utilities	\$280,143	\$1,739	\$525	\$0	\$6,743	\$289,150	\$0	\$289,150
94100 Ordinary Maintenance and Operations - Labor	\$163,558					\$163,558		\$163,558
94200 Ordinary Maintenance and Operations - Materials and Other	\$144,362	\$400	\$86		\$1,223	\$146,071		\$146,071
94300 Ordinary Maintenance and Operations Contracts	\$317,806	\$5,203	\$7,022	\$2,217	\$25,452	\$357,700		\$357,700
94500 Employee Benefit Contributions - Ordinary Maintenance	\$101,620				\$2,913	\$104,533		\$104,533
94000 Total Maintenance	\$727,346	\$5,603	\$7,108	\$2,217	\$29,588	\$771,862	\$0	\$771,862
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	\$31,260		\$4,578	\$444	\$355	\$36,637		\$36,637
96120 Liability Insurance	\$10,435	\$916		\$80		\$11,431		\$11,431
96130 Workmen's Compensation	\$6,643	\$1,369			\$1,276	\$9,288		\$9,288
96140 All Other Insurance	\$10,442	\$1,027			\$2,553	\$14,022		\$14,022
96100 Total Insurance Premiums	\$58,780	\$3,312	\$4,578	\$524	\$4,184	\$71,378	\$0	\$71,378
96200 Other General Expenses			\$4,683			\$4,683		\$4,683
96210 Compensated Absences								
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents	\$37,566					\$37,566		\$37,566

96500 Bad debt - Mortgages									
96600 Bad debt - Other									
96800 Severance Expense									
96000 Total Other General Expenses	\$37,566	\$0	\$4,683	\$0	\$0	\$42,249	\$0	\$42,249	
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	\$1,720,236	\$142,920	\$21,454	\$3,979	\$270,294	\$2,158,883	-\$311,430	\$1,847,453	
97000 Excess of Operating Revenue over Operating Expenses	-\$40,955	\$1,009,658	\$27,628	\$900	\$42,058	\$1,039,489	\$0	\$1,039,489	
97100 Extraordinary Maintenance									
97200 Casually Losses - Non-capitalized									
97300 Housing Assistance Payments		\$1,061,278				\$1,061,278		\$1,061,278	
97350 HAP Portability-In		\$732				\$732		\$732	
97400 Depreciation Expense	\$417,714	\$165	\$6,790	\$7,518	\$6,725	\$438,912		\$438,912	
97500 Fraud Losses									
97600 Capital Outlays - Governmental Funds									
97700 Debt Principal Payment - Governmental Funds									
97800 Dwelling Units Rent Expense									
90000 Total Expenses	\$2,137,950	\$1,205,095	\$28,244	\$11,497	\$277,019	\$3,659,805	-\$311,430	\$3,348,375	
10010 Operating Transfer In	\$109,179					\$109,179	-\$109,179	\$0	
10020 Operating transfer Out	-\$109,179					-\$109,179	\$109,179	\$0	
10030 Operating Transfers from/to Primary Government									
10040 Operating Transfers from/to Component Unit									
10050 Proceeds from Notes, Loans and Bonds									
10060 Proceeds from Property Sales									
10070 Extraordinary Items, Net Gain/Loss									
10080 Special Items (Net Gain/Loss)									
10091 Inter Project Excess Cash Transfer In									
10092 Inter Project Excess Cash Transfer Out									
10093 Transfers between Program and Project - In									
10094 Transfers between Project and Program - Out									
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$458,669	-\$52,317	\$20,838	-\$6,618	\$35,333	-\$461,433	\$0	-\$461,433	
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0		\$0	
11030 Beginning Equity	\$5,103,341	\$164,453	\$318,128	\$658,159	\$247,320	\$6,491,401		\$6,491,401	
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0				\$0		\$0	
11050 Changes in Compensated Absence Balance									
11060 Changes in Contingent Liability Balance									
11070 Changes in Unrecognized Pension Transition Liability									
11080 Changes in Special Term/Severance Benefits Liability									
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents									
11100 Changes in Allowance for Doubtful Accounts - Other									
11170 Administrative Fee Equity		\$51,557				\$51,557		\$51,557	
11180 Housing Assistance Payments Equity		\$60,579				\$60,579		\$60,579	
11190 Unit Months Available	3636	3143	100	30	0	6909		6909	
11210 Number of Unit Months Leased	3434	3095	94	30	0	6653		6653	
11270 Excess Cash	-\$120,239					-\$120,239		-\$120,239	
11610 Land Purchases	\$0					\$0		\$0	
11620 Building Purchases	\$143,341					\$143,341		\$143,341	
11630 Furniture & Equipment - Dwelling Purchases	\$0					\$0		\$0	
11640 Furniture & Equipment - Administrative Purchases	\$22,398				\$4,316	\$26,714		\$26,714	
11650 Leasehold Improvements Purchases	\$0					\$0		\$0	
11660 Infrastructure Purchases	\$0					\$0		\$0	
13510 CFFP Debt Service Payments	\$0					\$0		\$0	
13901 Replacement Housing Factor Funds	\$0					\$0		\$0	

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<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	\$ 969,643	\$ 969,643
IN009VO	Housing Choice Voucher Program	14.871	1,150,187	1,150,187
C-853	Capital Fund Program	14.872	<u>1,611,620</u>	<u>345,121</u>
TOTAL U.S. DEPARTMENT OF HUD			<u>\$ 3,731,450</u>	<u>\$ 2,464,951</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, 2015

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, 2015, 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 15, 2016.

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*.

I noted certain matters that I reported to management of Housing Authority of the City of Richmond in a separate letter dated January 15, 2016.

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 15, 2016

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 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, 2015. 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, 2015.

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, 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
January 15, 2016

HOUSING AUTHORITY OF THE CITY OF RICHMOND
Richmond, Indiana

June 30, 2015

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>
14.871	Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? X yes no