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April 28, 2020

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

We have reviewed the audit report of the Housing Authority of the City of Richmond, which was opined upon by Henderson & DeJohn, LLC, Independent Public Accountant, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Housing Authority of the City of Richmond as of June 30, 2019, 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 finding disclosed in the report. Please see the Schedule of Findings and Questioned Costs on pages 29-30 for complete details related to the finding. The Authority's corrective action plan immediately follows page 37.

The audit report is filed with this letter in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

HOUSING AUTHORITY OF THE CITY OF RICHMOND

**FINANCIAL STATEMENTS
&
SUPPLEMENTAL INFORMATION
FOR YEAR ENDED JUNE 30, 2019**

HOUSING AUTHORITY OF THE CITY OF RICHMOND
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FOR YEAR ENDED JUNE 30, 2019

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HOUSING AUTHORITY OF THE CITY OF RICHMOND
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR YEAR ENDED JUNE 30, 2019

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, 2019. Please read it in conjunction with the Authority's financial statements.

Financial Highlights

- Federal Operating Grants decreased by \$92,624 or nearly 3.57 percent due to a decrease in operating subsidy funding availability for Public Housing.
- The Authority made more capital improvements throughout the year, which resulted in a decrease of \$7,438 and nearly 3.68 percent of Capital Grant revenue.
- Housing Assistance Payments decreased by \$153,455 or 12.43 percent due to a decrease in vouchers being administered.

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.

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 *Uniform Guidance, 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 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 NSP consists of 10 houses that the City of Richmond, IN has given to the Housing Authority of the City of Richmond for affordable housing. These houses are rented at market rate and are not federally funded.

The Homeownership Opportunity Program (HOOP): The HOOP assists tenants in funding a down payment through set asides rents, when approved for a mortgage. There are currently 3 homes which are rented out with the option to own through the program.

Financial Position and Analysis

Table 1 compares the Authority's financial position for the fiscal years ended June 30, 2019 and 2018:

Table 1 – Entity Wide Balance Sheet Comparison

	2019	2018	Increase (Decrease)	Percent Variance
<u>Assets</u>				
Cash & cash equivalents	\$ 1,060,914	\$ 1,144,256	\$ (83,342)	-7.28%
Other Current Assets	203,767	120,238	83,529	69.47%
Noncurrent Assets	4,431,313	4,638,560	(207,247)	-4.47%
Total Assets	5,695,994	5,903,054	(207,060)	-3.51%
<u>Liabilities</u>				
Current Liabilities	114,391	120,639	(6,248)	-5.18%
Noncurrent Liabilities	89,013	80,726	8,287	10.27%
Total Liabilities	203,404	201,365	2,039	1.01%
<u>Net Position</u>				
Net Investment in Capital Assets	4,431,313	4,638,560	(207,247)	-4.47%
Restricted Net Position	534,669	550,140	(15,471)	-2.81%
Unrestricted Net Position	526,608	512,989	13,619	2.65%
Total Net Position	\$ 5,492,590	\$ 5,701,689	\$ (209,099)	-3.67%

Cash & cash equivalents decreased by \$83,342 or 7.28 percent. This decrease is mainly driven by rented collections and other tenant related charges.

Other Current Assets increased by \$83,529 or 69.47 percent. This increase is primarily due to a higher inventory count, investments, and A/R HUD.

Current Liabilities decreased by \$6,248 or 5.18 percent. This decrease is primarily due to larger amount of accounts payable then prior year.

Table 2 focuses on the changes in Net Position:

Table 2 – Entity Wide Income Statement Comparison

	2019	2018	Increase (Decrease)	Percent Variance
<u>Operating Revenue & Expense</u>				
Operating Revenue	\$ 3,247,134	\$ 3,278,981	\$ (31,847)	-0.97%
Operating Expenses	1,995,210	1,876,156	119,054	6.35%
Total Operating Income (Loss)	1,251,924	1,402,825	(150,901)	-10.76%
Non-Operating Revenues & Expenses, Net	(1,461,023)	(1,633,080)	172,057	-10.54%
Income (Loss) in Net Position	(209,099)	(230,255)	21,156	-9.19%
Net Position, Beginning of year	5,701,689	5,931,944	(230,255)	-3.88%
Net Position, End of year	<u>\$ 5,492,590</u>	<u>\$ 5,701,689</u>	<u>\$ (209,099)</u>	<u>-3.67%</u>

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

Table 3 – Entity Wide Revenue Comparison

	2019	2018	Increase (Decrease)	Percent Variance
<u>Operating Revenue (Loss)</u>				
Tenant Revenue	\$ 488,372	\$ 427,659	\$ 60,713	14.20%
Government Operating Grants	2,503,316	2,595,940	(92,624)	-3.57%
Government Capital Grants	194,924	202,362	(7,438)	-3.68%
Other Income	60,522	53,020	7,502	14.15%
Total Operating Income (Loss)	3,247,134	3,278,981	(31,847)	-0.97%
Total Revenue (Loss)	<u>\$ 3,247,134</u>	<u>\$ 3,278,981</u>	<u>\$ (31,847)</u>	<u>-0.97%</u>

Public Housing Operating Grants decreased by \$92,624 or 3.57 percent due to a decrease in operating subsidy funding availability for Public Housing.

Public Housing Capital Fund decreased by \$7,438 or 3.68 percent due to a decrease in capital expenditures during fiscal year 2019.

Other Income increased by \$7,502 or 14.15 percent mainly due to Housing Choice Voucher port in admin fees and insurance proceeds.

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

Table 4 – Entity Wide Expense Comparison

	2019	2018	Increase (Decrease)	Percent Variance
Administrative	\$ 704,058	\$ 609,103	\$ 94,955	15.59%
Tenant Services	21,579	7,509	14,070	187.38%
Utilities	351,886	313,764	38,122	12.15%
Maintenance	704,999	751,371	(46,372)	-6.17%
Insurance	97,455	104,427	(6,972)	-6.68%
General Expense	115,233	89,982	25,251	28.06%
Total Operating Expenses	\$ 1,995,210	\$ 1,876,156	119,054	6.35%
Depreciation Expense	402,173	399,535	2,638	0.66%
Housing Assistance Payments	1,081,440	1,234,895	(153,455)	-12.43%
Other Expense (Revenue)	(22,590)	(1,350)	(21,240)	1573.33%
Total Non-Operating Expenses	\$ 1,461,023	\$ 1,633,080	(172,057)	-10.54%
Total Expenses	\$ 3,456,233	\$ 3,509,236	\$ (53,003)	-1.51%

Tenant Services increased by \$14,070 or 187.38 percent primarily due to an increase in recreation expenses incurred during the year.

Maintenance decreased by \$46,372 or 6.17 percent due to decreases in materials purchased and maintenance contracts since many improvements were made.

General Expense increased by \$25,251 or 28.06 percent primarily due to bad debt expense of collection losses and also higher compensated absences.

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

	Budget	Actual	Variance Favorable (Unfavorable)	Percent Variance Favorable (Unfavorable)
<u>Operating Revenue</u>				
Rental income	\$ 309,828	\$ 409,376	\$ 99,548	32.13%
Operating subsidy	1,080,038	1,260,392	180,354	16.70%
Capital Grant	205,000	194,924	(10,076)	-4.92%
Other income	45,104	43,397	(1,707)	-3.78%
Total Revenue	1,639,970	1,908,089	268,119	16.35%
<u>Expenses</u>				
Administrative	419,832	502,563	(82,731)	-19.71%
Tenant Services	7,891	3,366	4,525	57.34%
Utilities	290,297	330,735	(40,438)	-13.93%
Maintenance	557,780	672,041	(114,261)	-20.48%
Protective Services	3,067	-	3,067	100.00%
Insurance	122,424	86,751	35,673	29.14%
General Expenses	-	75,590	(75,590)	-
Total Expenses	1,401,291	1,671,046	(269,755)	-19.25%
Income (Over) Under Expenses	\$ 238,679	\$ 237,043	\$ (1,636)	-0.69%

Operating Subsidy was greater than budget by \$180,354 or 16.70 percent. The cause of this was primarily due to an increase in funding levels from HUD and Capital Fund Grants for administration costs.

Capital Grant was less than budget by \$10,076 or 4.92 percent. This is due to a decrease in spending for capital improvements.

Tenant Services were less than budget by \$4,525 or 57.34 percent due to a decrease in resident related expenses.

Maintenance was more than budget by \$114,261 or 20.48 percent. The cause of this is primarily due to an increase in labor, materials, and other misc. contracts.

Insurance was less than budget by \$35,673 or 29.14 percent due to a decrease in insurance premiums and elimination of COCC.

Capital Assets

Table 6 summarizes the Authority’s investment in capital assets:

Table 6 – Summary of Entity Wide of Capital Asset Activity

<u>The Housing Authority of the City of Richmond</u>				
	2019	2018	Increase (Decrease)	Percent Variance
Land	\$ 1,368,387	\$ 1,368,386	\$ 1	0.00%
Buildings	16,410,901	16,015,002	395,899	2.47%
Furniture and Equipment - Dwellings	339,957	303,456	36,501	12.03%
Furniture and Equipment - Administration	633,591	602,065	31,526	5.24%
Construction in progress	575,041	844,042	(269,001)	-31.87%
	<u>19,327,877</u>	<u>19,132,951</u>	<u>194,926</u>	<u>1.02%</u>
Less: accumulated depreciation	<u>(14,896,564)</u>	<u>(14,494,391)</u>	<u>(402,173)</u>	<u>2.77%</u>
Capital Assets, Net	<u><u>\$ 4,431,313</u></u>	<u><u>\$ 4,638,560</u></u>	<u><u>\$ (207,247)</u></u>	<u><u>-4.47%</u></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.

Capital funding available for 2019 is as follows:

Table 7 – Summary of Capital Fund Grants

	Grant	Total Budget	Expended through 6/30/2019	Budget Remaining at 6/30/2019
Capital Fund Program 2015	501-15	415,387	394,970	20,417
Capital Fund Program 2016	501-16	430,250	347,425	82,825
Capital Fund Program 2017	501-17	445,208	224,258	220,950
Capital Fund Program 2018	501-18	691,376	143,409	547,967
				<u><u>\$ 872,159</u></u>

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



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Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Richmond

Report on the Financial Statements

We have audited the financial statements of the Housing Authority of the City of Richmond (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2019, and the respective changes in financial position and, where applicable, 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 management's discussion and analysis on pages 1-8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Authority's basic financial statements. The accompanying supplemental data including the financial data schedule, the statement and certification of actual modernization costs, the statement of net position – by program, and the statement of revenues, expenses, and changes in fund net position – by program, are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial data schedule, the statement and certification of actual modernization costs, the statement of net position – by program, the statement of revenues, expenses, and changes in fund net position – by program, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule, the statement and certification of actual modernization costs, the statement of net position – by program, the statement of revenues, expenses, and changes in fund net position – by program, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our 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 the Authority's internal control over financial reporting and compliance.

Henderson & DeJohn, LLC

Birmingham, AL
March 16, 2020



HENDERSON & DEJOHN, LLC

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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

To the Board of Commissioners
Housing Authority of the City of Richmond

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Richmond (the "Authority"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 16, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item 2019-001.

The Authority's Response to Findings

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henderson & DeJohn, LLC

Birmingham, AL
March 16, 2020



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Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Richmond

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Richmond's (the "Authority") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2019. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we 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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Henderson & DeJohn, LLC

Birmingham, AL
March 16, 2020

HOUSING AUTHORITY OF THE CITY OF RICHMOND
STATEMENT OF NET POSITION
ENTERPRISE FUND
JUNE 30, 2019

ASSETS

Current assets:

Unrestricted cash and cash equivalents	\$ 397,684
Restricted cash and cash equivalents	582,972
Unrestricted investments	80,258
Due from HUD	38,108
Tenants receivable, net	10,625
Fraud recovery receivable, net	25,164
Prepaid expenses and other assets	90,907
Inventories, net	38,963
Total current assets	1,264,681

Noncurrent assets:

Capital assets:

Land and construction in progress	1,943,428
Buildings and equipment, net of depreciation	2,487,885
Total capital assets	4,431,313

Total assets	5,695,994
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LIABILITIES

Current liabilities:

Accounts payable	50,823
Accrued liabilities	9,252
Tenant security deposits	48,303
Unearned revenue	2,828
Compensated absences	3,185
Total current liabilities	114,391

Noncurrent liabilities:

Compensated absences, net of current portion	28,666
Noncurrent liabilities - other	60,347
Total noncurrent liabilities	89,013

Total liabilities	203,404
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NET POSITION

Net investment in capital assets	4,431,313
Restricted	534,669
Unrestricted	526,608
Total net position	\$ 5,492,590

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

HOUSING AUTHORITY OF THE CITY OF RICHMOND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR YEAR ENDED JUNE 30, 2019

OPERATING REVENUES	
Rental income	\$ 488,372
Federal grants	2,503,316
Other	<u>60,522</u>
Total operating revenues	<u>3,052,210</u>
OPERATING EXPENSES	
Administration	704,058
Tenant services	21,579
Utilities	351,886
Maintenance	704,999
General	212,688
Housing assistance payments	1,081,440
Depreciation	<u>402,173</u>
Total operating expenses	<u>3,478,823</u>
Operating income (loss)	(426,613)
NONOPERATING REVENUES (EXPENSES)	
Interest revenue	<u>22,590</u>
Income (loss) before contributions	(404,023)
Capital contributions	<u>194,924</u>
Change in net position	(209,099)
Total net position - beginning of the year	<u>5,701,689</u>
Total net position - end of the year	<u><u>\$ 5,492,590</u></u>

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

HOUSING AUTHORITY OF THE CITY OF RICHMOND
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants	\$ 399,043
Federal grants	2,466,514
Other receipts	58,797
Payments to suppliers and Section 8 landlords	(2,167,152)
Payments to or on behalf of employees	<u>(863,134)</u>
Net cash provided (used) by operating activities	<u>(105,932)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(194,924)
Capital contributions	<u>194,924</u>
Net cash provided (used) by capital financing activities	<u>-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest revenue	22,590
Proceeds from the sale of investments	<u>320,247</u>
Net cash provided (used) by investing activities	<u>342,837</u>

Net increase (decrease) in cash and cash equivalents	236,905
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Balances - beginning of the year	<u>743,751</u>
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Balances - end of the year	<u><u>\$ 980,656</u></u>
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RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ (426,613)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	402,173
Change in assets and liabilities:	
Receivables, net	(57,408)
Inventories, net	(12,780)
Prepays and other assets	(13,341)
Accounts payable	(5,850)
Unearned revenue	(8,451)
Other liabilities	(1)
Accrued liabilities	9,252
Compensated absences	9,208
Tenant security deposits	<u>(2,121)</u>
Net cash provided (used) by operating activities	<u><u>\$ (105,932)</u></u>

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

HOUSING AUTHORITY OF THE CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management’s Discussion and Analysis (MD&A) section providing an analysis of the Authority’s overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and therefore, presents only the financial statements required for enterprise funds, in accordance with GASB Statement 34, paragraph 138. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of –
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Statement of Cash Flows
- Notes to financial statements
- Required supplemental information other than MD&A

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the “enterprise fund” in the basic financial statements. Significant Authority policies are described below.

A. The Reporting Entity

The Housing Authority of the City of Richmond was established by the City of Richmond pursuant to the laws of the State of Indiana, to transact business and to have powers as defined therein. The Authority is a special-purpose governmental unit as an entity under the United States Housing Act of 1937 for the purpose of providing affordable housing to low and moderate income families in Wayne County, Indiana. The governing body of the Authority is composed of a 7 member appointed Board of Commissioners (the “Board”). The Mayor appoints the Board, who in turn hires the Executive Director. The Authority is governed by its charter and by-laws, state and local laws and federal regulations. The Board is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Authority’s management. The Authority has no component units.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority’s financial statements are accounted for on the flow of economic resources management focus using the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and changes in cash flow.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund’s activities are included on the Statement of Net Position. Proprietary fund net position is segregated into Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. Revenues are recognized when they are earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are rental charges to tenants and operating subsidy grants from HUD. Operating expenses for proprietary funds include the cost of administrative expenses, maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority applies restricted resources to fund restricted costs and unrestricted resources to fund unrestricted costs. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements.

The Authority has previously adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with this statement, the Authority accounted for all grants that qualify as non-exchange transactions, recognizing receivables and revenues when all applicable eligibility requirements are met. In addition, capital contributions are recorded on the Statement of Revenues, Expenses, and Changes in Fund Net Position after income before contributions and before changes in net position.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 NOTES TO FINANCIAL STATEMENTS
 FOR YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component on net position.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and money market accounts. For purposes of the statement of cash flows, the Authority considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported on the balance sheet approximate fair values because of the short maturities of those investments.

D. Receivables

All receivables are current and due within one year. Receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible.

E. Restricted Assets and Liabilities

Debt covenants, HUD regulations, and inter-local agreements restrict the use of certain assets. Restricted assets are offset by related liabilities in accordance with their liquidity.

F. Inventories

Inventories are accounted for under the consumption method and recorded at the lower of cost or market, net of an allowance for obsolete inventories. Materials and supplies are recorded as inventories when purchased and as expenditures when used. Allowances are reported when materials and supplies are deemed obsolete.

G. Prepaid Items

Prepaid items consist of payments made to vendors for services that will benefit future periods.

H. Capital Assets

Capital assets include property, furniture, equipment, and machinery. Capital assets with initial, individual costs that equal or exceed \$500 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Construction in progress consists of capital improvements funded by modernization grant programs. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Furniture, equipment, and machinery	5-10

I. Compensated Absences

Full-time employees are allowed to accrue annual leave and sick leave on the last day of each month. The Authority’s policy allows each employee to accumulate up to 160 vacation hours per year and any unused vacation can be paid for upon separation. Time accrued beyond these amounts is forfeited unless exception is granted by the Board. Sick leave is accumulated at a rate of one day per month or twelve days per year to a maximum of 80 hours. Sick leave accumulated is not paid upon separation. The majority of employees utilize their annual accrual of vacation during the year accrued. The Authority records compensated absences in the period they are earned and use a 10 percent short-term and 90 percent long-term allocation process to allocate between short-term and long-term liability classification.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Unearned Revenue

The Authority recognizes revenues as earned. An amount received in advance of the period in which it is earned is recorded as a liability under unearned revenue.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Recent Accounting Pronouncements

The Authority has adopted GASB Statement No.83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (“AROs”). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The adoption of GASB Statement No. 83 had no material effect on the Authority’s June 30, 2019 financial statements.

The Authority has adopted GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of GASB Statement No. 88 had no material effect on the Authority’s June 30, 2019 financial statements.

NOTE 2 – CASH DEPOSITS AND INVESTMENTS

Cash and investments may be invested in the following HUD and the State of Indiana IC 36-7-18-19 approved vehicles:

- Direct obligations of the federal government backed by the full faith and credit of the United States;
- Obligations of government agencies;
- Securities of government sponsored agencies;
- Demand and savings deposits; and,
- Time deposits and repurchase agreements.

At June 30, 2019, cash was in bank deposits or money market accounts and investments were in certificates of deposit, all of which were insured or collateralized with securities held by the Authority or by its agent through the State of Indiana’s collateralization program. Cash and investment balances at June 30, 2019 totaled \$980,656 and \$80,258, respectively.

Interest Rate Risk – The Authority’s formal investment policy does not specifically address the exposure to this risk.

Credit Risk – The Authority’s formal investment policy does not specifically address credit risk, other than the limitations of Indiana state law and/or HUD regulations. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.

Custodial Credit Risk – The Authority’s policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Concentration of Credit Risk – The Authority’s investment policy does not restrict the amount that the Authority may invest in any one issuer.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2019

NOTE 3 – CAPITAL ASSETS

A. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	\$ 1,368,387	\$ -	\$ -	\$ -	\$ 1,368,387
Construction in process	844,042	194,924	-	(463,925)	575,041
Total capital assets not being depreciated	<u>2,212,429</u>	<u>194,924</u>	<u>-</u>	<u>(463,925)</u>	<u>1,943,428</u>
Capital assets being depreciated					
Buildings and improvements	16,015,001	-	-	395,900	16,410,901
Equipment	905,523	-	-	68,025	973,548
Total capital assets being depreciated	<u>16,920,524</u>	<u>-</u>	<u>-</u>	<u>463,925</u>	<u>17,384,449</u>
Less accumulated depreciation for:					
Buildings and improvements	(13,735,425)	(361,174)	-	-	(14,096,599)
Equipment	(758,966)	(40,999)	-	-	(799,965)
Total accumulated depreciation	<u>(14,494,391)</u>	<u>(402,173)</u>	<u>-</u>	<u>-</u>	<u>(14,896,564)</u>
Capital assets, net	<u>\$ 4,638,562</u>	<u>\$ (207,249)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,431,313</u>

B. Capital Contributions

The Authority receives capital grants from HUD. The Authority recognized \$194,924 in capital contributions for the fiscal year ended June 30, 2019.

NOTE 4 – NONCURRENT LIABILITIES

Noncurrent liabilities at June 30, 2019 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Accrued compensated absences	\$ 22,643	\$ 55,356	46,148	\$ 31,851	\$ 3,185
Noncurrent liabilities - other	60,347	-	-	60,347	-
Total noncurrent liabilities	<u>\$ 82,990</u>	<u>\$ 55,356</u>	<u>\$ 46,148</u>	<u>\$ 92,198</u>	<u>\$ 3,185</u>

NOTE 5 – DEFINED CONTRIBUTION PENSION PLAN

The Authority provides benefits for all of its full-time employees through a defined contribution plan, which is administered by Edward Jones. The plan was adopted by the Board of Commissioners in 1998. Only the Board has the authority to approve any amendments to the plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The Authority contributes an amount equal to 14.5% of each employee's base salary each month to the plan. As determined by the plan provisions, employees are not required to, nor did they, make contributions to the plan. During the year ended June 30, 2019, the Authority's contributions were \$41,941.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 NOTES TO FINANCIAL STATEMENTS
 FOR YEAR ENDED JUNE 30, 2019

NOTE 6 – INTER-PROGRAM BALANCES

	Due From	Due To
Low Rent Public Housing	32,620	-
Buisness Activites	-	32,620
 Total	 32,620	 32,620

These inter-program balances exist because in the normal course of operations, certain programs may pay for common costs or advance funds to meet the operational needs of the program which create inter-program receivables or payables. The balances have been repaid in full subsequent to the balance sheet date. In addition, these inter-program balances have been eliminated in the preparation of the Authority’s enterprise fund financial statements.

NOTE 7 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the funds affected. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. During the current year and the prior three years, settled claims have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with prior year.

NOTE 8 – CONCENTRATION OF RISK

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on availability of funding.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

Construction Commitments

At June 30, 2019, the Authority had two uncompleted construction commitments totaling \$237,084.

NOTE 10 – RESTRICTED NET POSITION

Restricted cash and net position consist of cash maintained in Authority accounts totaling \$534,669 as of June 30, 2019. The Authority received proceeds from the sale of Turnkey III Homeownership properties in a prior year. The use of these funds is restricted to those listed in the Administrative Use Agreement. Total restricted net position related proceeds on sale of Turnkey III properties was \$475,124 as of the end of the fiscal year.

Restricted cash and net position also consist of excess Housing Assistance Payment (HAP) funds available to the Authority under the Section 8 Housing Choice Vouchers program. These funds are to be used only for HAP expenditures for the program. These funds are also known as restricted net position since there is no offsetting liability. Total restricted net position related to this excess was \$59,545 as of the end of the fiscal year.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2019

NOTE 11 – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 16, 2020 (the date the financial statements were available to be issued) and concluded there were no subsequent events that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 12 – FINANCIAL DATA SCHEDULE

The Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes housing assistance payments and depreciation expense from operating activities and includes investment revenue and capital grant revenue in operating activities, which differs from the presentation of the basic financial statements.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
 FOR YEAR ENDED JUNE 30, 2019

	<u>IN36P009501-14</u>
Funds Approved	\$ 399,960
Funds Expended	<u>399,960</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced (HUD Grants)	\$ 399,960
Funds Expended	<u>399,960</u>
Excess of Funds Advanced	<u><u>\$ -</u></u>

1. The Distribution of costs by project as shown on the Final Statement of Modernization Cost all dated December 19, 2018 accompany the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the Authority's records.
2. All Modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
SUPPLEMENTARY INFORMATION – STATEMENT OF NET POSITION – BY PROGRAM
JUNE 30, 2019

	PUBLIC HOUSING	SECTION 8	NSP	HOOP	ELIMINATION	TOTAL
ASSETS						
Current assets:						
Unrestricted cash and cash equivalents	\$ 92,864	\$ 119,519	\$ 185,301	\$ -	\$ -	\$ 397,684
Restricted cash and cash equivalents	517,967	59,545	5,460	-	-	582,972
Investments	-	-	-	80,258	-	80,258
Due from HUD	38,108	-	-	-	-	38,108
Due from other program	32,620	-	-	-	(32,620)	-
Tenants receivable, net	9,600	-	1,025	-	-	10,625
Fraud recovery receivable, net	22,914	2,250	-	-	-	25,164
Prepaid expenses and other assets	86,362	4,545	-	-	-	90,907
Inventories, net	38,963	-	-	-	-	38,963
Total current assets	<u>839,398</u>	<u>185,859</u>	<u>191,786</u>	<u>80,258</u>	<u>(32,620)</u>	<u>1,264,681</u>
Noncurrent assets:						
Capital assets:						
Land and construction in progress	1,468,466	-	32,000	442,962	-	1,943,428
Buildings and equipment, net of depreciation	2,065,002	19,273	218,607	185,003	-	2,487,885
Total capital assets	<u>3,533,468</u>	<u>19,273</u>	<u>250,607</u>	<u>627,965</u>	<u>-</u>	<u>4,431,313</u>
Total assets	<u>4,372,866</u>	<u>205,132</u>	<u>442,393</u>	<u>708,223</u>	<u>(32,620)</u>	<u>5,695,994</u>
LIABILITIES						
Current liabilities:						
Accounts payable	43,692	4,438	740	1,953	-	50,823
Accrued liabilities	9,252	-	-	-	-	9,252
Due to public housing	-	-	-	32,620	(32,620)	-
Tenant security deposits	42,843	-	5,460	-	-	48,303
Unearned revenue	2,828	-	-	-	-	2,828
Compensated absences	3,030	147	8	-	-	3,185
Total current liabilities	<u>101,645</u>	<u>4,585</u>	<u>6,208</u>	<u>34,573</u>	<u>(32,620)</u>	<u>114,391</u>
Noncurrent liabilities:						
Compensated absences, net of current portion	27,275	1,321	70	-	-	28,666
Noncurrent liabilities - other	-	-	-	60,347	-	60,347
Total noncurrent liabilities	<u>27,275</u>	<u>1,321</u>	<u>70</u>	<u>60,347</u>	<u>-</u>	<u>89,013</u>
Total liabilities	<u>128,920</u>	<u>5,906</u>	<u>6,278</u>	<u>94,920</u>	<u>(32,620)</u>	<u>203,404</u>
NET POSITION						
Net investment in capital assets	3,533,468	19,273	250,607	627,965	-	4,431,313
Restricted	475,124	59,545	-	-	-	534,669
Unrestricted	235,354	120,408	185,508	(14,662)	-	526,608
Total net position	<u>\$ 4,243,946</u>	<u>\$ 199,226</u>	<u>\$ 436,115</u>	<u>\$ 613,303</u>	<u>\$ -</u>	<u>\$ 5,492,590</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 SUPPLEMENTARY INFORMATION – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
 NET POSITION – BY PROGRAM
 FOR YEAR ENDED JUNE 30, 2019

	PUBLIC HOUSING	SECTION 8	NSP	HOOP	ELIMINATION	TOTAL
OPERATING REVENUES						
Rental income	\$ 409,376	\$ -	\$ 67,603	\$ 11,393	\$ -	\$ 488,372
Federal grants	1,260,392	1,242,924	-	-	-	2,503,316
Other	22,965	37,204	102	251	-	60,522
Total operating revenues	<u>1,692,733</u>	<u>1,280,128</u>	<u>67,705</u>	<u>11,644</u>	<u>-</u>	<u>3,052,210</u>
OPERATING EXPENSES						
Administration	502,563	172,708	14,127	14,660	-	704,058
Tenant services	3,366	-	-	18,213	-	21,579
Utilities	330,735	945	1,239	18,967	-	351,886
Maintenance	672,041	6,309	17,014	9,635	-	704,999
General	194,507	11,639	6,542	-	-	212,688
Housing assistance payments	-	1,081,440	-	-	-	1,081,440
Depreciation	382,991	2,984	6,889	9,309	-	402,173
Total operating expenses	<u>2,086,203</u>	<u>1,276,025</u>	<u>45,811</u>	<u>70,784</u>	<u>-</u>	<u>3,478,823</u>
Operating income (loss)	(393,470)	4,103	21,894	(59,140)	-	(426,613)
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	20,432	365	34	1,759	-	22,590
Income (loss) before contributions	(373,038)	4,468	21,928	(57,381)	-	(404,023)
Capital contributions	194,924	-	-	-	-	194,924
Change in net position	(178,114)	4,468	21,928	(57,381)	-	(209,099)
Total net position - beginning of the year	<u>4,422,060</u>	<u>194,758</u>	<u>414,187</u>	<u>670,684</u>	<u>-</u>	<u>5,701,689</u>
Total net position - end of the year	<u>\$ 4,243,946</u>	<u>\$ 199,226</u>	<u>\$ 436,115</u>	<u>\$ 613,303</u>	<u>\$ -</u>	<u>\$ 5,492,590</u>

HOUSING AUTHORITY OF THE CITY OF RICHMOND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2019

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts to Subrecipients</u>
U.S. Department of Housing and Urban Development			
Direct Program:			
Public and Indian Housing Program	14.850	1,101,357	-
Housing Voucher Cluster:			
Section 8 Housing Choice Voucher Program	14.871	1,280,006	-
Public Housing Capital Fund Program	14.872	<u>353,959</u>	<u>-</u>
Total Federal Awards Expended		<u>\$ 2,735,322</u>	<u>\$ -</u>

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Authority has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR YEAR ENDED JUNE 30, 2019

2018-001 Eligibility – CFDA#14.871 – Section 8 Housing Choice Voucher

Criteria and Condition: In accordance with HUD requirements, the Authority is required to maintain compliance with various HCV program compliance requirements identified in the Uniform Guidance. The applicable compliance provisions include Tenant Eligibility and Rent Reasonableness.
During our audit, it was determined that internal control deficiencies over compliance existed in the Authority's HCV eligibility process. The Authority's internal controls over their eligibility process are deficient, as the Authority's staff failed to adequately apply the controls that have been implemented over family income examinations and reexaminations.

Amount of Questioned Costs: None.

Context: H&D identified significant deficiencies during the review of 25 tenant files:

- 12 files had the incorrect utility allowance and/or payment standard, which directly affects the Authority's and tenant's contributions towards rent.
- 3 files were missing required forms for admission or continued occupancy, including lack of a citizenship form for a family member, lack of two forms of identification for a family member, and lack of a signed HUD Form 9886 for all family members over the age of 18.
- 3 files did not obtain third party verification for a source of income or deduction.
- 1 file did not have document to support our recalculation of rent and therefore we could not determine if rent was calculated correctly. how income was calculated.
- 1 file did not have the unit's annual reexamination within 12 months of the prior annual reexamination.
- 2 files did not contain documentation to support the tenant's rent was reasonable in comparison to units nearby.
- EIV - the Authority is not retaining the EIV reports after they are printed; therefore, we were unable to verify if they are adequately running them within 120 days of a tenant's move in date and ensuring the tenant is properly reporting income.

Cause: The Authority's management and staff who are responsible for the HCV eligibility did not design or implement adequate internal controls.

Effect: Some of the Authority's tenants were not and/or are potentially not paying the correct amount of rent. In addition, our Firm was unable to determine if the Authority is utilizing the EIV system for new move-ins.

Auditor's Recommendation: We recommend the Authority review the internal controls over eligibility of the HCV program to maintain proper compliance with HUD's rules and regulations. The Authority needs to ensure that employees are fully and adequately trained in performing the procedures necessary to maintain proper compliance. The staff and management should continue to obtain training through related training seminars and classes and to monitor HUD news and notices for any new guidance or change to the public housing industry. The Authority should also strengthen their monitoring controls to improve the detection and correction of misstatements by ensuring that any errors, discrepancies, or instances of noncompliance are detected and corrected in a timely manner. We also recommend that someone other than the employee performing the family income examinations and reexaminations perform periodic internal audits of tenant files to ensure that all eligibility and reexamination steps are being performed properly and in line with Federal regulations.

HOUSING AUTHORITY OF THE CITY OF RICHMOND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes x No

Are any significant deficiencies identified? x Yes None Reported

Is any noncompliance material to financial statements noted? x Yes No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified? Yes x No

Are any significant deficiencies identified? Yes x None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes x No

Identification of major federal programs and clusters:

CFDA #14.871 - Housing Voucher Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x Yes No

Section II - Financial Statement Findings

See Page 30

Section III - Federal Award Findings

None



HENDERSON & DEJOHN, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Commissioners
Housing Authority of the City of Richmond

Independent Accountant's Report on Applying Agreed-Upon Procedure

We have performed the procedure enumerated in the second paragraph, which was agreed to by the Housing Authority of the City of Richmond (the Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the chart below under "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the electronic submission of the items listed in the "UFRS Rule Information" column in the chart below. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

We were engaged to perform an audit in accordance with 2 CFR 200 Subpart F, Audit Requirements, for the Housing Authority as of and for the year ended June 30, 2019, and have issued our reports thereon dated March 16, 2020. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority's Financial Data Schedule (FDS) dated March 16, 2020, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the reporting package required by OMB, which includes the auditor's reports, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports.

This report is intended solely for the information and use of the Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Balance Sheet and Revenue and Expense	Financial Data Schedule, all CFDA's, If applicable	X	
2	Footnotes	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS	Auditor's supplemental report on FDS	X	
4	Audit findings narrative	Schedule of Findings and Questioned Costs	X	
5	General Information	OMB Data Collection Form	X	
6	Financial Statement report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
7	Federal program report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
8	Type of Compliance Requirement	OMB Data Collection Form	X	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

Henderson & DeJohn, LLC

Birmingham, AL
March 16, 2020

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 FINANCIAL DATA SCHEDULE – BALANCE SHEET
 JUNE 30, 2019

	Project Total	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$92,864	\$185,301	\$0	\$119,519	\$397,684		\$397,684
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0		\$0
113 Cash - Other Restricted	\$475,124	\$0	\$0	\$59,545	\$534,669		\$534,669
114 Cash - Tenant Security Deposits	\$42,843	\$5,460	\$0	\$0	\$48,303		\$48,303
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0		\$0
100 Total Cash	\$610,831	\$190,761	\$0	\$179,064	\$980,656	\$0	\$980,656
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0		\$0
122 Accounts Receivable - HUD Other Projects	\$38,108	\$0	\$0	\$0	\$38,108		\$38,108
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0		\$0
125 Accounts Receivable - Miscellaneous	\$0	\$0	\$0	\$0	\$0		\$0
126 Accounts Receivable - Tenants	\$10,667	\$1,139	\$0	\$0	\$11,806		\$11,806
126.1 Allowance for Doubtful Accounts -Tenants	(\$1,067)	(\$114)	\$0	\$0	(\$1,181)		(\$1,181)
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$0	\$0	\$0		\$0
128 Fraud Recovery	\$25,460	\$0	\$0	\$4,692	\$30,152		\$30,152
128.1 Allowance for Doubtful Accounts - Fraud	(\$2,546)	\$0	\$0	(\$2,442)	(\$4,988)		(\$4,988)
129 Accrued Interest Receivable	\$0	\$0	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$70,622	\$1,025	\$0	\$2,250	\$73,897	\$0	\$73,897
131 Investments - Unrestricted	\$0	\$0	\$80,258	\$0	\$80,258		\$80,258
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0		\$0
135 Investments - Restricted for Payment of Current Liability	\$0	\$0	\$0	\$0	\$0		\$0
142 Prepaid Expenses and Other Assets	\$86,362	\$0	\$0	\$4,545	\$90,907		\$90,907
143 Inventories	\$38,963	\$0	\$0	\$0	\$38,963		\$38,963
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0		\$0
144 Inter Program Due From	\$32,620	\$0	\$0	\$0	\$32,620	(\$32,620)	\$0
145 Assets Held for Sale	\$0	\$0	\$0	\$0	\$0		\$0
150 Total Current Assets	\$839,398	\$191,786	\$80,258	\$185,859	\$1,297,301	(\$32,620)	\$1,264,681
161 Land	\$893,425	\$32,000	\$442,962	\$0	\$1,368,387		\$1,368,387
162 Buildings	\$15,794,751	\$259,400	\$356,750	\$0	\$16,410,901		\$16,410,901
163 Furniture, Equipment & Machinery - Dwellings	\$332,507	\$3,288	\$4,162	\$0	\$339,957		\$339,957
164 Furniture, Equipment & Machinery - Administration	\$579,805	\$0	\$0	\$53,786	\$633,591		\$633,591
165 Leasehold Improvements	\$0	\$0	\$0	\$0	\$0		\$0
166 Accumulated Depreciation	(\$14,642,061)	(\$44,081)	(\$175,909)	(\$34,513)	(\$14,896,564)		(\$14,896,564)
167 Construction in Progress	\$575,041	\$0	\$0	\$0	\$575,041		\$575,041
168 Infrastructure	\$0	\$0	\$0	\$0	\$0		\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$3,533,468	\$250,607	\$627,965	\$19,273	\$4,431,313	\$0	\$4,431,313
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$0	\$0	\$0	\$0		\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$0	\$0	\$0	\$0	\$0		\$0
173 Grants Receivable - Non Current	\$0	\$0	\$0	\$0	\$0		\$0
174 Other Assets	\$0	\$0	\$0	\$0	\$0		\$0
176 Investments in Joint Ventures	\$0	\$0	\$0	\$0	\$0		\$0
180 Total Non-Current Assets	\$3,533,468	\$250,607	\$627,965	\$19,273	\$4,431,313	\$0	\$4,431,313

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 FINANCIAL DATA SCHEDULE – BALANCE SHEET
 JUNE 30, 2019

	Project Total	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
200 Deferred Outflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$4,372,866	\$442,393	\$708,223	\$205,132	\$5,728,614	(\$32,620)	\$5,695,994
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0		\$0
312 Accounts Payable <= 90 Days	\$43,692	\$740	\$1,953	\$4,438	\$50,823		\$50,823
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0		\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$0		\$0
322 Accrued Compensated Absences - Current Portion	\$3,030	\$8	\$0	\$147	\$3,185		\$3,185
324 Accrued Contingency Liability	\$0	\$0	\$0	\$0	\$0		\$0
325 Accrued Interest Payable	\$0	\$0	\$0	\$0	\$0		\$0
331 Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0		\$0
332 Account Payable - PHA Projects	\$0	\$0	\$0	\$0	\$0		\$0
333 Accounts Payable - Other Government	\$0	\$0	\$0	\$0	\$0		\$0
341 Tenant Security Deposits	\$42,843	\$5,460	\$0	\$0	\$48,303		\$48,303
342 Unearned Revenue	\$2,828	\$0	\$0	\$0	\$2,828		\$2,828
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0		\$0
344 Current Portion of Long-term Debt - Operating Borrowings	\$0	\$0	\$0	\$0	\$0		\$0
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$0		\$0
346 Accrued Liabilities - Other	\$9,252	\$0	\$0	\$0	\$9,252		\$9,252
347 Inter Program - Due To	\$0	\$0	\$32,620	\$0	\$32,620	(\$32,620)	\$0
348 Loan Liability - Current	\$0	\$0	\$0	\$0	\$0		\$0
310 Total Current Liabilities	\$101,645	\$6,208	\$34,573	\$4,585	\$147,011	(\$32,620)	\$114,391
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$0	\$0	\$0	\$0		\$0
352 Long-term Debt, Net of Current - Operating Borrowings	\$0	\$0	\$0	\$0	\$0		\$0
353 Non-current Liabilities - Other	\$0	\$0	\$60,347	\$0	\$60,347		\$60,347
354 Accrued Compensated Absences - Non Current	\$27,275	\$70	\$0	\$1,321	\$28,666		\$28,666
355 Loan Liability - Non Current	\$0	\$0	\$0	\$0	\$0		\$0
356 FASB 5 Liabilities	\$0	\$0	\$0	\$0	\$0		\$0
357 Accrued Pension and OPEB Liabilities				\$0	\$0		\$0
350 Total Non-Current Liabilities	\$27,275	\$70	\$60,347	\$1,321	\$89,013	\$0	\$89,013
300 Total Liabilities	\$128,920	\$6,278	\$94,920	\$5,906	\$236,024	(\$32,620)	\$203,404
400 Deferred Inflow of Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.4 Net Investment in Capital Assets	\$3,533,468	\$250,607	\$627,965	\$19,273	\$4,431,313		\$4,431,313
511.4 Restricted Net Position	\$475,124	\$0	\$0	\$59,545	\$534,669		\$534,669
512.4 Unrestricted Net Position	\$235,354	\$185,508	(\$14,662)	\$120,408	\$526,608		\$526,608
513 Total Equity - Net Assets / Position	\$4,243,946	\$436,115	\$613,303	\$199,226	\$5,492,590	\$0	\$5,492,590
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,372,866	\$442,393	\$708,223	\$205,132	\$5,728,614	(\$32,620)	\$5,695,994

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 FINANCIAL DATA SCHEDULE – INCOME STATEMENT
 FOR YEAR ENDED JUNE 30, 2019

	Project Total	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$325,703	\$67,603	\$11,393	\$0	\$404,699		\$404,699
70400 Tenant Revenue - Other	\$83,673	\$0	\$0	\$0	\$83,673		\$83,673
70500 Total Tenant Revenue	\$409,376	\$67,603	\$11,393	\$0	\$488,372	\$0	\$488,372
70600 HUD PHA Operating Grants	\$1,260,392	\$0	\$0	\$1,242,924	\$2,503,316		\$2,503,316
70610 Capital Grants	\$194,924			\$0	\$194,924		\$194,924
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees			\$0		\$0		\$0
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0		\$0
71100 Investment Income - Unrestricted	\$20,432	\$34	\$1,759	\$365	\$22,590		\$22,590
71200 Mortgage Interest Income	\$0	\$0	\$0	\$0	\$0		\$0
71300 Proceeds from Disposition of Assets Held for Sale	\$0	\$0	\$0	\$0	\$0		\$0
71310 Cost of Sale of Assets	\$0	\$0	\$0	\$0	\$0		\$0
71400 Fraud Recovery	\$0	\$0	\$0	\$1,724	\$1,724		\$1,724
71500 Other Revenue	\$22,965	\$102	\$251	\$35,480	\$58,798		\$58,798
71600 Gain or Loss on Sale of Capital Assets	\$0	\$0	\$0	\$0	\$0		\$0
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0		\$0
70000 Total Revenue	\$1,908,089	\$67,739	\$13,403	\$1,280,493	\$3,269,724	\$0	\$3,269,724
91100 Administrative Salaries	\$214,293	\$4,233	\$0	\$100,079	\$318,605		\$318,605
91200 Auditing Fees	\$15,751	\$0	\$0	\$1,165	\$16,916		\$16,916
91300 Management Fee	\$0	\$0	\$0	\$0	\$0		\$0
91310 Book-keeping Fee	\$0	\$0	\$0	\$0	\$0		\$0
91400 Advertising and Marketing	\$0	\$0	\$0	\$0	\$0		\$0
91500 Employee Benefit contributions - Administrative	\$119,006	\$8	\$0	\$44,567	\$163,581		\$163,581
91600 Office Expenses	\$107,255	\$1,028	\$10,870	\$24,260	\$143,413		\$143,413
91700 Legal Expense	\$648	\$2,075	\$3,984	\$0	\$6,707		\$6,707
91800 Travel	\$3,107	\$0	\$0	\$2,637	\$5,744		\$5,744
91810 Allocated Overhead	\$0	\$0	\$0	\$0	\$0		\$0
91900 Other	\$42,503	\$6,783	(\$194)	\$0	\$49,092		\$49,092
91000 Total Operating - Administrative	\$502,563	\$14,127	\$14,660	\$172,708	\$704,058	\$0	\$704,058
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0		\$0
92100 Tenant Services - Salaries	\$1,500	\$0	\$0	\$0	\$1,500		\$1,500
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0		\$0
92300 Employee Benefit Contributions - Tenant Services	\$0	\$0	\$0	\$0	\$0		\$0
92400 Tenant Services - Other	\$1,866	\$0	\$18,213	\$0	\$20,079		\$20,079
92500 Total Tenant Services	\$3,366	\$0	\$18,213	\$0	\$21,579	\$0	\$21,579
93100 Water	\$71,496	\$158	\$424	\$66	\$72,144		\$72,144
93200 Electricity	\$153,351	\$173	\$7,808	\$682	\$162,014		\$162,014
93300 Gas	\$1,704	\$457	\$10,178	\$91	\$12,430		\$12,430

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 FINANCIAL DATA SCHEDULE – INCOME STATEMENT
 FOR YEAR ENDED JUNE 30, 2019

	Project Total	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93400 Fuel	\$0	\$0	\$0	\$0	\$0		\$0
93500 Labor	\$0	\$0	\$0	\$0	\$0		\$0
93600 Sewer	\$104,184	\$0	\$557	\$106	\$104,847		\$104,847
93700 Employee Benefit Contributions - Utilities	\$0	\$0	\$0	\$0	\$0		\$0
93800 Other Utilities Expense	\$0	\$451	\$0	\$0	\$451		\$451
93000 Total Utilities	\$330,735	\$1,239	\$18,967	\$945	\$351,886	\$0	\$351,886
94100 Ordinary Maintenance and Operations - Labor	\$194,994	\$795	\$0	\$0	\$195,789		\$195,789
94200 Ordinary Maintenance and Operations - Materials and Other	\$34,542	\$1,270	\$385	\$668	\$36,865		\$36,865
94300 Ordinary Maintenance and Operations Contracts	\$312,109	\$13,580	\$9,250	\$5,641	\$340,580		\$340,580
94500 Employee Benefit Contributions - Ordinary Maintenance	\$130,396	\$1,369	\$0	\$0	\$131,765		\$131,765
94000 Total Maintenance	\$672,041	\$17,014	\$9,635	\$6,309	\$704,999	\$0	\$704,999
95100 Protective Services - Labor	\$0	\$0	\$0	\$0	\$0		\$0
95200 Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0		\$0
95300 Protective Services - Other	\$0	\$0	\$0	\$0	\$0		\$0
95500 Employee Benefit Contributions - Protective Services	\$0	\$0	\$0	\$0	\$0		\$0
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$49,294	\$6,169	\$0	\$0	\$55,463		\$55,463
96120 Liability Insurance	\$22,352	\$0	\$0	\$3,864	\$26,216		\$26,216
96130 Workmen's Compensation	\$7,669	\$0	\$0	\$409	\$8,078		\$8,078
96140 All Other Insurance	\$7,436	\$0	\$0	\$262	\$7,698		\$7,698
96100 Total insurance Premiums	\$86,751	\$6,169	\$0	\$4,535	\$97,455	\$0	\$97,455
96200 Other General Expenses	\$0	\$0	\$0	\$0	\$0		\$0
96210 Compensated Absences	\$47,879	\$373	\$0	\$7,104	\$55,356		\$55,356
96300 Payments in Lieu of Taxes	\$0	\$0	\$0	\$0	\$0		\$0
96400 Bad debt - Tenant Rents	\$59,877	\$0	\$0	\$0	\$59,877		\$59,877
96500 Bad debt - Mortgages	\$0	\$0	\$0	\$0	\$0		\$0
96600 Bad debt - Other	\$0	\$0	\$0	\$0	\$0		\$0
96800 Severance Expense	\$0	\$0	\$0	\$0	\$0		\$0
96000 Total Other General Expenses	\$107,756	\$373	\$0	\$7,104	\$115,233	\$0	\$115,233
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$0	\$0	\$0	\$0		\$0
96720 Interest on Notes Payable (Short and Long Term)	\$0	\$0	\$0	\$0	\$0		\$0
96730 Amortization of Bond Issue Costs	\$0	\$0	\$0	\$0	\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$1,703,212	\$38,922	\$61,475	\$191,601	\$1,995,210	\$0	\$1,995,210
97000 Excess of Operating Revenue over Operating Expenses	\$204,877	\$28,817	(\$48,072)	\$1,088,892	\$1,274,514	\$0	\$1,274,514
97100 Extraordinary Maintenance	\$0	\$0	\$0	\$0	\$0		\$0
97200 Casualty Losses - Non-capitalized	\$0	\$0	\$0	\$0	\$0		\$0
97300 Housing Assistance Payments	\$0	\$0	\$0	\$1,044,358	\$1,044,358		\$1,044,358
97350 HAP Portability-In	\$0	\$0	\$0	\$37,082	\$37,082		\$37,082

HOUSING AUTHORITY OF THE CITY OF RICHMOND
 FINANCIAL DATA SCHEDULE – INCOME STATEMENT
 FOR YEAR ENDED JUNE 30, 2019

	Project Total	2 State/Local	1 Business Activities	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
97400 Depreciation Expense	\$382,991	\$6,889	\$9,309	\$2,984	\$402,173		\$402,173
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0		\$0
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0		\$0
90000 Total Expenses	\$2,086,203	\$45,811	\$70,784	\$1,276,025	\$3,478,823	\$0	\$3,478,823
10010 Operating Transfer In	\$137,036	\$0	\$0	\$0	\$137,036	(\$137,036)	\$0
10020 Operating transfer Out	(\$137,036)	\$0	\$0	\$0	(\$137,036)	\$137,036	\$0
10030 Operating Transfers from/to Primary Government	\$0	\$0	\$0	\$0	\$0		\$0
10040 Operating Transfers from/to Component Unit	\$0	\$0	\$0	\$0	\$0		\$0
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss	\$0	\$0	\$0	\$0	\$0		\$0
10080 Special Items (Net Gain/Loss)	\$0	\$0	\$0	\$0	\$0		\$0
10091 Inter Project Excess Cash Transfer In	\$0				\$0		\$0
10092 Inter Project Excess Cash Transfer Out	\$0				\$0		\$0
10093 Transfers between Program and Project - In	\$0	\$0	\$0	\$0	\$0		\$0
10094 Transfers between Project and Program - Out	\$0	\$0	\$0	\$0	\$0		\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$178,114)	\$21,928	(\$57,381)	\$4,468	(\$209,099)	\$0	(\$209,099)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$4,422,060	\$414,187	\$670,684	\$194,758	\$5,701,689		\$5,701,689
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$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				\$139,681	\$139,681		\$139,681
11180 Housing Assistance Payments Equity				\$59,545	\$59,545		\$59,545
11190 Unit Months Available	3517	120	36	3276	6949		6949
11210 Number of Unit Months Leased	3411	120	36	3024	6591		6591
11270 Excess Cash	(\$2,797)				(\$2,797)		(\$2,797)
11610 Land Purchases	\$0				\$0		\$0
11620 Building Purchases	\$194,924				\$194,924		\$194,924
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0		\$0
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
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2019

2019-001 **Internal Controls over Equipment Property Management**

Planned Corrective Action:

The Authority will update its supporting equipment property records to be accurate and complete. Also, the Authority will update and improve its security measures over equipment property, which will discourage the misuse of equipment items purchased using Federal awards. For example, the Authority will put into place a tracking system for equipment purchased in bulk to track the use and location of large equipment items.

Person Responsible for Correction of Finding:

Derek White, Executive Director

Anticipated Completion Date: June 30, 2020

Derek White, Executive Director