

**HOUSING AUTHORITY OF
THE CITY OF RENO
(RENO, NEVADA)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

**HOUSING AUTHORITY OF THE CITY OF RENO
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Reno
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Housing Authority of the City of Reno (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.

Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 financial position of the Authority as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 4 through 11, the Schedule of the Authority's Proportionate Share of the Net Pension Liability on page 38, the Schedule of the Authority's Pension Contributions on page 39, the Schedule of the Authority's Proportionate Share of the Net OPEB Liability on page 40 and the Schedule of the Authority's OPEB contributions on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedules and the schedule of expenditures of federal awards, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial data schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived 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 schedules 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.

Board of Commissioners
Housing Authority of the City of Reno

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 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 financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
March 25, 2020

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

As management of the Housing Authority of the City of Reno (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2019.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year resulting in a net position of \$50,149,561 at June 30, 2019.
- The total net position of the Authority decreased from \$50,750,254 at June 30, 2018 to \$50,149,561 at June 30, 2019. The total unrestricted net position at June 30, 2019 is \$13,059,642. This amount may be used to meet the Authority's ongoing obligations.
- Total assets and deferred outflow of resources decreased from \$61,626,425 at June 30, 2018 to \$61,325,067 at June 30, 2019, a decrease of \$301,358.
- Net capital assets decreased from \$40,898,530 at June 30, 2018 to \$38,343,721 at June 30, 2019. This decrease of \$2,554,809 was the result of depreciation expense and sales of capital assets exceeding fiscal year 2019 additions.
- Total liabilities and deferred inflows of resources increased from \$10,876,171 at June 30, 2018 to \$11,175,506 at June 30, 2019, an increase of \$299,335.
- Revenues for fiscal year 2019 from all programs totaling \$50,883,904 consisted of federal grants and subsidies of \$42,831,485, and rental, interest, and other income of \$8,052,419. This represents a decrease of \$1,067,773 of the total revenues of \$51,951,677 from fiscal year 2018.
- Total expenses for all programs for fiscal year 2019 were \$51,484,597. This represents an increase in expenses of \$1,745,518 from the total fiscal year 2018 expenses of \$49,739,079.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of the proprietary funds – statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows.

Government-Wide Financial Statements

The statement of net position, and the statement of revenues, expenses, and changes in net position report information about the Authority's activities. These two statements report the net position of the Authority and changes in net position. The Authority's net position, (the difference between assets and liabilities), is one way to measure financial health or financial position of the Authority. Over time, increases or decreases in the Authority's net position is one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth, and new or changed government legislation, should be taken into consideration to determine the overall financial condition of the Authority.

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of net position includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis in evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its grant revenues, rental income, and other charges and profitability. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

As previously stated, enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of the enterprise funds are included on the statement of net position. The focus of enterprise funds is on income measurement, which together with the maintenance of equity, is an important financial indicator.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The Authority's Programs

Moving-To-Work Program – Effective July 1, 2014 the Authority began administering the Moving-To-Work Demonstration Program (MTW). The MTW Program is a demonstration program recently implemented and funded by the U.S. Department of Housing and Urban Development (HUD). The MTW program was awarded to the Authority under a five-year funding agreement which became effective on June 27, 2014 and expires June 30, 2028. The Authority's MTW Demonstration Program applies to several of the Authority's programs that were previously administered under other HUD funded programs. The MTW program replaces the Housing Choice Voucher Program, the Public and Indian Housing Program, and the Public Housing Capital Fund Program that were administered by the Authority during its fiscal year 2014 and previous fiscal years.

Programs other than the MTW Program administered by the Authority during fiscal year 2019 include the following:

Section 8 Housing Assistance Payments Program – Under the Section 8 Housing Assistance Payments Program the Authority is the Contract Administrator for the state of Nevada charged with carrying out 16 incentive Based Performance Standards for HUD. Typical standards include approving tenant payments, processing rental adjustments, life threatening and nonlife threatening health and safety issues, and conducting Management and Occupancy Reviews. Approximately 37 projects and 3,174 units are covered by this contract. The contract started October 1, 2000 with an initial two-year period and three one-year renewal options. Since then the Authority has been awarded several renewals, the most recent of which expires January 31, 2021.

Section 8 Moderate Rehabilitation Program – Under the Section 8 Moderate Rehabilitation Program, the Authority administers contracts with landlords. This program is similar to the Housing Choice Voucher Program. This program is down to only one landlord with less than 10 units.

Business Activities – This represents non-HUD resources developed from a variety of activities that consist basically of housing units not receiving Federal financial assistance.

Resident Opportunity and Supportive Services – This is a grant from HUD designed to help provide tenants with skills necessary to seek, obtain and maintain better employment.

Shelter Plus Care – Shelter Plus Care is a program where the Authority can obtain contract funding through the state of Nevada and provide physical inspections.

Community Development Block Grants / Economic Development Initiative – The Economic Development Initiative Special Project Grant is a program to carry out projects to redevelop abandoned, idled or underutilized real property.

Neighborhood Stabilization Programs (NSP) – This program was established for the purpose of stabilizing communities that had suffered from property foreclosures and abandonment. The stabilization is to be achieved through the purchase and redevelopment of foreclosed and abandoned homes and residential properties.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Notes to the Financial Statements

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

Required Supplementary Information

The Schedule of Funding Progress for OPEB, the Schedule of the Authority's Proportionate Share of Net Pension Liability, the Schedule of the Authority's Pension Plan Contributions, and the Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by the U.S. Office of Management, Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Governmental Accounting Standards Board (GASB), and the U.S. Department of HUD regulations. These schedules can be found in the Supplementary Information sections of this report.

Net Position

A summary of the Authority's statements of net position is presented in Table 1. As can be seen from Table 1, the net position decreased \$600,693 to \$50,149,561 in fiscal year 2019, from \$50,750,254 in fiscal year 2018.

**TABLE 1
Condensed Statements of Net Position
June 30,**

	2019	2018	Dollar Change	Total % Change
Assets and Deferred Outflows:				
Current Assets	\$ 20,842,091	\$ 18,757,068	\$ 2,085,023	11.1%
Notes Receivable	767,000	387,000	380,000	98.2%
Capital Assets	38,343,721	40,898,530	(2,554,809)	-6.2%
Deferred Outflows	1,372,255	1,583,827	(211,572)	-13.4%
Total Assets and Deferred Outflows	<u>61,325,067</u>	<u>61,626,425</u>	<u>(301,358)</u>	<u>-0.5%</u>
Liabilities and Deferred Inflows:				
Current Liabilities	2,248,364	1,468,355	780,009	53.1%
Noncurrent Liabilities	8,680,311	8,825,526	(145,215)	-1.6%
Deferred Inflows	246,831	582,290	(335,459)	-57.6%
Total Liabilities and Deferred Inflows	<u>11,175,506</u>	<u>10,876,171</u>	<u>299,335</u>	<u>2.8%</u>
Net Position:				
Net Investment in Capital Assets	37,089,919	39,637,615	(2,547,696)	-6.4%
Unrestricted Net Position	13,059,642	11,112,639	1,947,003	17.5%
Total Net Position	<u>\$ 50,149,561</u>	<u>\$ 50,750,254</u>	<u>\$ (600,693)</u>	<u>-1.2%</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The more significant changes to the components of the statement of net position are as follows:

- Current assets increased \$2,085,023, or 11.1%. The increase was due primarily to an increase in cash and investments of \$1,579,953 and an increase in accounts receivable of \$648,437.
- Notes receivable increased \$380,000, or 98.2%. The increase was the net of a \$402,000 new note issued less \$22,000 in forgiveness on homeownership notes. For more detail pertaining to the Authority's notes receivable please see Note 3 to the financial statements in this report.
- See table 3 for a breakout of the decrease in capital assets.
- Changes in deferred outflows and inflows were due to updated actuarial reports for the Authority's pension and other post-employment benefit plans.
- Current liabilities increased \$780,009 or 53.1%. The increase was primarily due to the timing of invoices received after year end relating to the fiscal year.

For more detailed information concerning the statement of net position for fiscal year 2019 see the statement of net position on page 12 of this report.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The following schedule compares the revenues and expenses for the current and previous fiscal years. The Authority is only engaged in business-type activities.

**TABLE 2
Statements of Revenues, Expenses, and
Changes in Net Position
Years Ended June 30,**

	2019	2018	Dollar Change	Total % Change
Revenues:				
Grants	\$ 42,831,485	\$ 42,776,475	\$ 55,010	0.1%
Rental Income	6,739,803	6,573,881	165,922	2.5%
Interest Income	201,068	131,526	69,542	52.9%
Other Income	1,111,548	2,469,795	(1,358,247)	-55.0%
Total Revenues	<u>50,883,904</u>	<u>51,951,677</u>	<u>(1,067,773)</u>	-2.1%
Expenses:				
Administrative	5,520,383	5,119,243	401,140	7.8%
Utilities	927,605	863,289	64,316	7.5%
Maintenance	2,616,407	2,715,444	(99,037)	-3.6%
Tenant Services	252,955	333,657	(80,702)	-24.2%
Housing Assistance Payments	38,678,433	37,584,152	1,094,281	2.9%
General	821,998	665,608	156,390	23.5%
Interest Expense	42,956	57,071	(14,115)	-24.7%
Depreciation	2,623,860	2,400,615	223,245	9.3%
Total Expenses	<u>51,484,597</u>	<u>49,739,079</u>	<u>1,745,518</u>	3.5%
Increase (Decrease) in Net Position	<u>\$ (600,693)</u>	<u>\$ 2,212,598</u>	<u>\$ (2,813,291)</u>	-127.1%

Current year revenue and expense activity remained relatively consistent during the fiscal year. The more significant changes were as follows:

- Interest income increased \$69,542 or 52.9%. The increase was due to an increase in cash and investments and an overall increase in interest rates during the fiscal year.
- Other income decreased \$1,358,247 or 55.0%. The decrease was primarily due to prior year donations not received in the current year.
- Depreciation expense increased consistently with an increase in depreciable assets.

For more detail concerning the statement of revenues, expenses, and changes in net position for the fiscal year 2019, see the statement of revenues, expenses, and changes in net position on page 13 of this report.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Capital Assets and Debt Administration

Capital Assets

As of year-end, the Authority had \$38,343,721 of net capital assets as is reflected in the following Table 3, which represents a net decrease of \$2,554,809 from the 2018 fiscal year's ending balance.

TABLE 3

	2019	2018	Dollar Change	Total % Change
Land	\$ 8,523,052	\$ 8,735,326	\$ (212,274)	-2.4%
Buildings	83,595,960	82,954,501	641,459	0.8%
Furniture and Equipment	1,887,453	1,525,876	361,577	23.7%
Construction in Progress	165,436	887,147	(721,711)	-81.4%
Less: Accumulated Depreciation	<u>(55,828,180)</u>	<u>(53,204,320)</u>	<u>(2,623,860)</u>	4.9%
Net Capital Assets	<u>\$ 38,343,721</u>	<u>\$ 40,898,530</u>	<u>\$ (2,554,809)</u>	-6.2%

For more detail pertaining to the Authority's capital assets please see Note 4 to the financial statements in this report.

Debt Administration

As of year-end, the Authority had \$1,253,802 of long-term notes and bonds payable as is reflected in the following Table 4, which represents a net decrease of \$7,113 from the 2018 fiscal year's ending balance.

TABLE 4

	2019	2018	Dollar Change	Total % Change
Bonds Payable	\$ 743,500	\$ 743,500	\$ -	0.0%
Notes Payable	<u>510,302</u>	<u>517,415</u>	<u>(7,113)</u>	-1.4%
Total Bonds and Notes Payable	<u>\$ 1,253,802</u>	<u>\$ 1,260,915</u>	<u>\$ (7,113)</u>	-0.6%

For more detail pertaining to the Authority's bonds and notes payable, please see Note 6 to the financial statements in this report.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Economic Factors

Significant economic factors affecting the Authority and its goals to provide affordable housing to the residents of Washoe County, Nevada, which includes several cities such as Reno and Sparks, Nevada include:

- Local economic and employment trends that affect resident incomes and in correlation impact the amount of rental income earned by the Authority. Washoe County (including Reno and Sparks) continues to improve after global recession. In the Reno-Sparks region the December 2019 unemployment rate stood at 3.1%. This is in line with the national unemployment rate of 3.5%.
- The Authority receives a majority of its federal grant funding each year from HUD. The Authority's financial operations are significantly affected by the annual appropriations from HUD. Based upon authorized funding notifications received from HUD for fiscal year 2020 the Authority does not anticipate significant reductions in federal grant funding for fiscal 2020 versus the funding received for its 2019 fiscal year. Therefore, the Authority does not anticipate any significant reductions in service levels it provides or reductions in the number and types of programs it currently administers.
- Local property rental availability and rental rates influences the amounts of Housing Assistance Payments required by the Authority to subsidize tenants' rents under several of the Authority's most significant federally funded programs. The vacancy rate in the Reno rental market has drastically reduced the past several quarters and the average rents in the Reno market continues to significantly increase compared to fiscal year 2018. The construction and real estate sector continues to hold the higher percentage growth in Washoe County and statewide.

Request for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Amy Jones, Executive Director, Housing Authority of the City of Reno, 1525 E. Ninth Street, Reno, NV 89512, telephone number (775) 329-3630.

HOUSING AUTHORITY OF THE CITY OF RENO
STATEMENTS OF NET POSITION
JUNE 30, 2019

	Enterprise Fund	Discrete Component Unit
ASSETS		
CURRENT ASSETS		
Cash and Investments - Unrestricted	\$ 18,937,820	\$ -
Cash and Investments - Restricted	463,169	418,178
Accounts Receivable - Other Governments	309,573	-
Accounts Receivable, Net	973,197	36,529
Current Portion of Notes Receivable	15,125	-
Prepaid Expenses	143,207	-
Total Current Assets	20,842,091	454,707
NONCURRENT ASSETS		
Notes Receivable	767,000	-
Capital Assets, Net	38,343,721	3,057,374
Total Noncurrent Assets	39,110,721	3,057,374
Total Assets	59,952,812	3,512,081
DEFERRED OUTFLOWS OF RESOURCES		
OPEB Related Outflows	118,184	-
Pension Related Outflows	1,254,071	-
Total Deferred Outflows of Resources	1,372,255	-
Total Assets and Deferred Outflows of Resources	61,325,067	3,512,081
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	463,632	500,313
Due to Other Governments	632,017	-
Tenant Security Deposits	463,169	-
Accrued Payroll	58,450	-
Unearned Revenue	28,581	-
Accrued Interest Payable	25,547	-
Notes Payable - Current	248,345	-
Compensated Absences - Current	30,751	-
Other Current Liabilities	297,872	-
Total Current Liabilities	2,248,364	500,313
NONCURRENT LIABILITIES		
Compensated Absences, Net of Current Portion	276,750	-
Notes Payable, Net of Current Portion	1,005,457	2,158,110
Net Pension Liability	6,497,107	-
Net OPEB Liability	791,167	-
Other Noncurrent Liabilities	109,830	415,394
Total Noncurrent Liabilities	8,680,311	2,573,504
Total Liabilities	10,928,675	3,073,817
DEFERRED INFLOWS OF RESOURCES - Pension		
	246,831	-
Total Liabilities and Deferred Inflows of Resources	11,175,506	3,073,817
NET POSITION		
Net Investment in Capital Assets	37,089,919	398,951
Unrestricted	13,059,642	39,313
Total Net Position	\$ 50,149,561	\$ 438,264

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF RENO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019**

	Enterprise Fund	Discrete Component Unit
OPERATING REVENUES		
HUD Operating Grants	\$ 42,343,681	\$ -
Rental Income	6,739,803	-
Other Revenue	1,111,548	490,789
Total Operating Revenues	50,195,032	490,789
OPERATING EXPENSES		
Administrative	5,520,383	52,525
Utilities	927,605	-
Maintenance	2,616,407	-
Tenant Services	252,955	-
General	821,998	-
Housing Assistance Payments	38,678,433	-
Depreciation	2,623,860	-
Total Operating Expenses	51,441,641	52,525
OPERATING INCOME (LOSS)	(1,246,609)	438,264
NONOPERATING REVENUES (EXPENSES)		
Interest Income	201,068	-
Interest Expense	(42,956)	-
Total Nonoperating Income	158,112	-
Capital Grants	487,804	-
CHANGE IN NET POSITION	(600,693)	438,264
Net Position - Beginning of Year	50,750,254	-
NET POSITION - END OF YEAR	\$ 50,149,561	\$ 438,264

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF RENO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019**

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Grants	\$ 42,651,852
Cash Received from Rents	6,218,330
Other Cash Receipts	976,948
Cash Payments to Employees for Services	(5,826,695)
Cash Payments to Suppliers for Goods and Services	(3,996,377)
Cash Payments to Landlords	<u>(38,678,433)</u>
Net Cash Provided by Operating Activities	1,345,625
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(894,743)
Disposal of Capital Assets	825,692
Capital Grants Received	487,804
Principal Paid on Capital Debt	(7,113)
Interest Paid on Capital Debt	<u>(42,956)</u>
Net Cash Provided by Capital and Related Financing Activities	368,684
CASH FLOWS FROM INVESTING ACTIVITIES	
Repayment of Notes Receivables	(335,424)
Interest Received	<u>201,068</u>
Net Cash Used by Investing Activities	<u>(134,356)</u>
NET INCREASE IN CASH AND INVESTMENTS	1,579,953
Cash and Investments - Beginning of Year	<u>17,821,036</u>
CASH AND INVESTMENTS - END OF YEAR	<u><u>\$ 19,400,989</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (1,246,609)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	2,623,860
Provision for Bad Debts	116,832
Decrease (Increase) in:	
Accounts Receivable Other Governments	102,449
Accounts Receivable	(765,269)
Prepaid Expenses	(3,658)
Deferred Outflows/Inflows of Resources	(123,887)
(Decrease) Increase in:	
Accounts Payable and Accrued Liabilities	369,946
Due to Other Governments	208,617
Tenant Security Deposits	(7,636)
Compensated Absences	(10,432)
Unearned Revenue	(2,895)
Pension Liability	89,819
OPEB Liability	<u>(5,512)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,345,625</u></u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of the City of Reno (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental agencies. The following is a summary of the more significant policies.

Definition of Reporting Entity

The Authority was established on August 8, 1940 by a resolution of the City of Reno City Council. The Authority is a public body corporate and politically organized pursuant to the laws of Chapter 315 of the state of Nevada. The Authority is governed by a five-member board of commissioners. The City Council appoints the members of the board of commissioners to a maximum of two four-year terms.

Although they are legally separate entities from the Authority, the Washoe Affordable Housing Corporation, Transitional Housing Corporation, and Sutro Management, LLC are reported as if they were part of the Authority because they are solely owned by the Authority and their sole purpose is to work in conjunction with the Authority to assist with the provision of housing for low and moderate income individuals, and the members of the board of commissioners of the Authority act as members of the board of directors of these corporations. Therefore, the financial information of the Washoe Affordable Housing Corporation, the Transitional Housing Corporation, and Sutro Management, LLC are included in the accompanying financial statements as blended component units of the Authority. Sutro Management, LLC did not have any activity to be reported during the fiscal year.

Sutro Management, LLC is the .01% general partner of Sutro Affordable Housing, LLC. Sutro Affordable Housing, LLC's purpose is to develop, own and operate an apartment complex (Willie J. Wynn Apartments). The financial information of Sutro Affordable Housing, LLC is included in the accompanying financial statements as a discretely presented component unit of the Authority.

Effective July 1, 2013 the Authority began participating in HUD's Moving to Work (MTW) Demonstration Program. The MTW program primarily consists of grant funding and expenditures that were received and incurred under the Authority's previous Housing Choice Voucher Program, the Public and Indian Housing Program, and the Capital Fund Program. The program provides the Authority greater flexibility in combining its HUD funding among the Authority's administrative, capital, and development activities. The MTW Program also exempts the Authority from many previous required regulations and reporting requirements.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition of Reporting Entity (Continued)

At June 30, 2019, the Authority was administering the following programs which consisted of 7,278 units of low and moderate-income housing:

	<u>Number of Units</u>
Moving to Work Program:	
Housing Complexes:	
Mineral Manor	144
Tom Sawyer Village	100
Silverada Manor	149
Stead Manor	67
Hawk View Apartments	99
Essex Manor	105
Myra Birch Manor	53
John McGraw Court	34
Vouchers	<u>2,519</u>
Total Units Administered under the Moving to Work Program	3,270
Other Administered Programs:	
Moderate Rehabilitation and Single Room Occupancy	27
Veterans Affairs Special Vouchers	303
Special Allocations	3,174
Business Activities	341
Neighborhood Stabilization Programs I and II	128
Economic Development Initiative - Special Projects	11
Dollar Home Sales	<u>24</u>
Total Units Administered under Other Programs	<u>4,008</u>
Total Units Administered at June 30, 2019	<u><u>7,278</u></u>

Government-Wide and Fund financial Statements

The government-wide financial statements (i.e. the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows) report the financial information of the Authority's operation as a whole.

For financial reporting purposes, the Authority reports all of its operations as a single business-type activity in a single-enterprise housing fund. Therefore, for the Authority the government-wide and fund financial statements are the same. These basic financial statements are presented in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; basic of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basic of accounting relate to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. Nonexchange transactions are those in which the Authority receives value without directly giving equal value in exchange. These transactions include revenues from federal, state, and local assistance programs. Revenues from these sources are recognized in the fiscal year in which all eligibility requirements have been met.

Program revenues include grants and contributions that are restricted to the operations of a particular program. Revenues that are not classified as program revenues are presented as general revenues. Revenues such as rents and other miscellaneous fees are recorded as operating revenues. Revenues such as governmental grants and investments earnings are recorded as nonoperating revenues. Operating expenses for proprietary funds include the cost of sales and services, housing assistance payments to landlords, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

The Authority applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before November 30, 1989 in accounting and reporting for its proprietary operations.

Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare the financial statements. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

Each year the Authority's board of commissioners adopts an operating budget. This budget may be revised during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of adoption of the annual budget by the Authority's board of commissioners.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows all highly liquid cash and investments with a maturity of three months or less when purchased and cash restricted by federal governmental requirements are considered cash and cash equivalents.

Cash and cash equivalents include amounts in demand deposits and savings accounts. All of the Authority's investments can be converted to cash in a relatively short amount of time. Therefore, all cash and investments and amounts of restricted cash are reported in the statement of cash flows.

Restricted Assets

Restricted cash, cash equivalents, and investments, represent deposits that are used for replacement reserves, security deposit payable amounts to tenants, and amounts that are required by grants from HUD to be used only to provide housing assistance for individuals and families that meet various income, age, and employment standards.

Receivables

All receivables are reported at their gross value and are reduced by an allowance for doubtful accounts if such an amount is considered applicable.

Prepaid Assets

Payments to vendors for goods and services that will benefit periods beyond the fiscal year-end are recorded as prepaid assets.

Capital Assets

Capital assets which include land, buildings, improvements, and furniture and equipment, are reported at historical costs. Contributed capital assets are recorded at acquisition value at the time received. Interest expense during any development periods is capitalized.

Maintenance, minor repairs and replacements are recorded as expenses; extraordinary replacements of property resulting in property betterments are charged to the property accounts.

Depreciation is charged to operations using the straight-line method based on the useful life of the related asset. The estimated useful lives of the various asset categories are as follows:

Buildings	30 Years
Improvements	15 Years
Equipment	5 to 10 Years

Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

Regular full-time employees earn from 13 to 29 vacation days per year depending upon their length of employment. Each employee also earns 13 sick leave days per year. Unused annual leave may be accumulated not to exceed between 26 – 52 days. Unused sick leave will be allowed to accumulate up to 188 days; however, upon termination one half of sick leave accrued to a maximum 50 days is paid to the employee. An employee terminating employment shall be paid for any accumulated annual and sick leave at their current hourly rate of pay.

Taxes

The Authority is exempt from Federal and State income taxes. The Authority is also exempt from property taxes but makes payments in lieu of taxes on its public housing units.

Net Position

Net position represents the differences between assets and deferred outflows and liabilities and deferred inflows. Net position consists of net investment in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets consists of capital assets, net of depreciation, reduced by outstanding balances of borrowings used for the construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position includes separate sections for deferred outflows and inflows of resources. These separate sections represent a consumption or acquisition of net position that applies to future periods and will not be recognized as outflows (expenses) or inflows (revenues) until that time.

Pensions

For purposes of measuring the net pension liability (NPL) and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position (FNP) of the Authority's Public Employees' Retirement System of Nevada (PERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability for the plans, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

For the fiscal year ending June 30, 2019 the Authority implemented Governmental Accountant Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires additional disclosures in the financial statements related to any unused lines of credit, assets pledged as collateral for debt and other information related to debt that may have financial impacts. The implementation of this standard did not have any financial impact on the Authority.

NOTE 2 CASH AND INVESTMENTS

Policies

Nevada law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Authority's cash on deposit or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under Nevada law this collateral is held in a separate investment pool by another institution in the Authority's name and places the Authority ahead of general creditors of the institution.

The Authority and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments* or by electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system.

The Authority's investments are carried at fair value as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end, and it includes the effects of those adjustments in income for that fiscal year.

Cash and cash equivalents are considered to be liquid assets for purposes of measuring cash flows.

Classification

Cash and money market mutual funds investments are classified in the financial statements as shown below based on whether or not their use is restricted under the terms of the Authority debt instruments or agency agreements. Cash and investments as of June 30, 2019 are as follows:

Cash and Cash Equivalents	\$ 9,385,658
Money Market Mutual Funds	<u>10,015,331</u>
Total Cash and Investments	<u><u>\$ 19,400,989</u></u>

The \$10,015,331 of money market mutual funds are carried at fair value. Cash and cash equivalents are considered to be liquid assets for purposes of measuring cash flows.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Nevada Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provisions for deposits: The Nevada Government Code requires Nevada banks and savings and loan associations to secure the Authority's deposits not covered by federal deposit insurance by pledging mortgages or government securities as collateral. The market value of mortgages must equal at least 150% of the face value of deposits. The market value of government securities must equal at least 110% of the face value of deposits. Such collateral must be held in the pledging bank's trust department in a separate depository in an account for the Authority.

The \$9,385,658 of cash and cash equivalents consists of \$9,384,697 maintained on deposit in banks and \$961 of petty cash. Of the amounts deposited into bank checking and savings and money market accounts \$1,000,000 is covered by federal deposit insurance. As of June 30, 2019, all deposits were fully collateralized with the exception of \$9,856,214 related to the funds held with Wells Fargo.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Authority's investments to market rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity:

<u>Investment Type</u>	<u>12 Months or Less</u>	<u>One to Five Years</u>	<u>More than Five Years</u>	<u>Total</u>
Money Market Mutual Funds	<u>\$ 10,015,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,015,331</u>

Disclosures of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual rating as of June 30, 2019 for each Authority investment type is provided by Standard and Poor's.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Discretely Presented Component Unit – Sutro Affordable Housing, LLC

The \$418,178 of cash and cash equivalents consists solely of funds maintained in a checking account with Wells Fargo, \$250,000 of which is covered by federal deposit insurance. The remaining \$168,178 was not collateralized.

NOTE 3 NOTES RECEIVABLE

The following is a summary of the Authority's changes in notes receivable for the fiscal year ended June 30, 2019:

	Balance 6/30/18	Disbursements	Receipts/ Forgiveness	Balance 6/30/19
Homeownership Notes	\$ 387,000	\$ -	\$ (21,000)	\$ 366,000
Sutro Affordable Housing, LLC	-	401,000	-	401,000
Total Notes Receivable	<u>\$ 387,000</u>	<u>\$ 401,000</u>	<u>\$ (21,000)</u>	<u>\$ 767,000</u>

The Authority issued 40 forgivable 0% interest homeownership loans from 2011 to 2015. The original loan amounts are \$15,000 per note and are forgivable at \$1,000 per annum. If the properties are sold in advance to the 15 year forgiveness period, the full unforgiven principal balance is collected. The outstanding balance on the homeownership notes at June 30, 2019 was \$366,000.

On April 15, 2019, the Authority issued a seller carry-back note to Sutro Affordable Housing, LLC in the principal amount of \$401,000. The outstanding principal balance of the note bears interest from the date of disbursement at 2.89% compounded annually. Commencing on June 1, 2021, and on June 1 of each year thereafter, repayments of the outstanding principal balance and accrued interest on the note are due in an amount equal to 33.33% of cash flow, first to accrued interest and second to principal. The outstanding balance on the note at June 30, 2019 was \$401,000.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 CAPITAL ASSETS

Enterprise Fund

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2019:

	Balance 6/30/18	Additions	Deletions	Transfers	Balance 6/30/19
Land	\$ 8,735,326	\$ -	\$ (212,274)	\$ -	\$ 8,523,052
Buildings and Improvements	82,954,501	760,912	-	(119,453)	83,595,960
Equipment	1,525,876	67,300	-	294,277	1,887,453
Construction in Progress	887,147	66,531	(613,418)	(174,824)	165,436
	<u>94,102,850</u>	<u>894,743</u>	<u>(825,692)</u>	<u>-</u>	<u>94,171,901</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(52,628,281)	(2,562,140)	-	-	(55,190,421)
Equipment	(576,039)	(61,720)	-	-	(637,759)
Total Accumulated Depreciation	<u>(53,204,320)</u>	<u>(2,623,860)</u>	<u>-</u>	<u>-</u>	<u>(55,828,180)</u>
Capital Assets, Net	<u>\$ 40,898,530</u>	<u>\$ (1,729,117)</u>	<u>\$ (825,692)</u>	<u>\$ -</u>	<u>\$ 38,343,721</u>

Discretely Presented Component Unit – Sutro Affordable Housing, LLC

The following is a summary of Sutro Affordable Housing, LLC's changes in capital assets for the fiscal year ended June 30, 2019:

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19
Land	\$ -	\$ 800,000	\$ -	\$ 800,000
Construction in Progress	-	2,257,374	-	2,257,374
Capital Assets, Net	<u>\$ -</u>	<u>\$ 3,057,374</u>	<u>\$ -</u>	<u>\$ 3,057,374</u>

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19	Current Portion
Revenue Refunding Bonds	\$ 743,500	\$ -	\$ -	\$ 743,500	\$ 241,000
Notes Payable	517,415	-	(7,113)	510,302	7,345
Compensated Absences	310,520	-	(3,019)	307,501	30,751
Net Pension Liability	6,407,288	89,819	-	6,497,107	-
Net OPEB Liability	796,679	43,135	(48,647)	791,167	-
Total	<u>\$ 8,775,402</u>	<u>\$ 132,954</u>	<u>\$ (58,779)</u>	<u>\$ 8,849,577</u>	<u>\$ 279,096</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 LONG-TERM DEBT

Enterprise Fund

Refunding bonds debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required Payments</u>
2020	\$ 241,000	\$ 30,839	\$ 271,839
2021	253,500	18,600	272,100
2022	249,000	6,163	255,163
Total	<u>\$ 743,500</u>	<u>\$ 55,602</u>	<u>\$ 799,102</u>

The bonds payable consist of Multifamily Housing Revenue Refunding Bonds payable to Wells Fargo Brokerage Services, LLC. Interest accrues on the bonds at 4.95% per annum. The bonds mature on July 1, 2021. The outstanding balance on the bonds at June 30, 2019 was \$743,500.

Notes payable debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required Payments</u>
2020	\$ 7,345	\$ 5,920	\$ 13,265
2021	7,565	5,700	13,265
2022	7,792	5,473	13,265
2023	8,026	5,239	13,265
2024	8,266	4,999	13,265
2025-2029	62,204	24,121	86,325
2030-2034	96,187	20,138	116,325
2035-2039	269,695	43,517	313,212
2040-2041	43,222	1,538	44,760
Total	<u>\$ 510,302</u>	<u>\$ 116,645</u>	<u>\$ 626,947</u>

Notes payable at June 30, 2019 consist of the following:

Note payable to the city of Reno, due September 1, 2036 secured by a deed of trust on real estate located in Sparks, Nevada. Interest accrues at 1% per annum on the unpaid balance until September 1, 2036 at which time the remaining principal balance and accrued interest will be forgiven. There is no annual required payment of interest or principal. The outstanding balance at June 30, 2019 was \$162,893.

Note payable to the City of Reno-Washoe County Home Consortium, due April 1, 2041, secured by a junior deed of trust on real property located at 7900 Golden Valley Road, Reno, Nevada. Interest accrues on the note at 1.0% per annum as of May 1, 2026 with required annual principal and interest payments of \$10,000 beginning May 1, 2027. The balance outstanding on the loan at June 30, 2019 was \$150,000.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Note payable to the City of Reno-Washoe County Home Consortium, due April 1, 2033, secured by a junior deed of trust on real property located at 7900 Golden Valley Road, Reno, Nevada. Interest accrues on the note at a rate of 8.6% on the first \$200,000 and 3.0% on the remaining \$60,000 per annum. Required annual principal and interest payments are \$9,300. The balance outstanding on the loan at June 30, 2019 was \$197,409.

Discretely Presented Component Unit – Sutro Affordable Housing, LLC

The following is a summary of changes in Sutro Affordable Housing, LLC's long-term debt for the year ended June 30, 2019:

	Balance 6/30/18	Additions	Deletions	Balance 6/30/19	Current Portion
HOME Loan	\$ -	\$ 990,000	\$ -	\$ 990,000	\$ -
City LIHTF Loan	-	400,000	-	400,000	-
Authority Seller Carryback Note	-	401,000	-	401,000	-
Wells Fargo Construction Loan	-	367,110	-	367,110	-
Total	<u>\$ -</u>	<u>\$ 2,158,110</u>	<u>\$ -</u>	<u>\$ 2,158,110</u>	<u>\$ -</u>

The HOME loan was issued on April 15, 2019 by the Washoe County HOME Consortium in the amount of \$990,000. The loan is secured by a Deed of Trust. Simple interest shall accrue on the unpaid principal balance at a rate of 3%. Commencing on June 1, 2021, and on June 1 of each year thereafter, repayments of the outstanding principal balance and accrued interest on the note are due in an amount equal to 33.33% of cash flow, first to accrued interest and second to principal. The entire unpaid balance of principal and interest is due and payable on June 1, 2049. The outstanding balance on the note at June 30, 2019 was \$990,000.

The City Low Income Housing Trust Fund (LIHTF) loan was issued on April 15, 2019 by the Nevada Housing Division in the amount of \$400,000. The loan is secured by a Deed of Trust. Simple interest shall accrue on the unpaid principal balance at a rate of 3%. Commencing on June 1, 2021, and on June 1 of each year thereafter, repayments of the outstanding principal balance and accrued interest on the note are due in an amount equal to 33.33% of cash flow, first to accrued interest and second to principal. The outstanding balance on the note at June 30, 2019 was \$400,000.

The Authority seller carryback note was issued on April 15, 2019 by the Authority in the amount of \$401,000. The note is secured by a Subordinated Deed of Trust. The outstanding principal balance of the note bears interest from the date of disbursement at 2.89% compounded annually. Commencing on June 1, 2021, and on June 1 of each year thereafter, repayments of the outstanding principal balance and accrued interest on the note are due in an amount equal to 33.33% of cash flow, first to accrued interest and second to principal. The outstanding balance on the note at June 30, 2019 was \$401,000.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 LONG-TERM DEBT (CONTINUED)

The Wells Fargo Construction loan is a drawdown loan that was issued on April 15, 2019 by Wells Fargo National Bank in the amount of \$9,500,000. The loan is secured by a Deed of Trust. Interest accrued on this Note shall be due and payable on the 1st business day of each month commencing with the first month after the date of the note. Interest shall accrue on the unpaid principal balance at the effective rate as defined in the underlying agreement. The entire unpaid balance of principal and interest is due and payable on April 15, 2021. The outstanding balance on the note at June 30, 2019 was \$367,110.

NOTE 7 COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave up to a maximum of two years of earned vacation hours and to accumulate earned but unused sick leave up to a maximum of 400 hours. This leave will be used in future periods or paid to employees upon separation from the Authority: vacation hours are payable at the employee's payroll rate and sick leave is payable at one-half the employee's payroll rate. Combined long-term and short-term accrued vacation and sick leave totaling \$307,501 has been valued and recorded by the Authority as of June 30, 2019.

NOTE 8 EMPLOYEES RETIREMENT PLAN

General Information about the Pension Plan

Plan Descriptions – Public Employee Retirement System of Nevada (PERS) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. The system was established by the Nevada Legislature in 1947, effective July 1, 1948. The system is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PER's website at www.nvpers.org under QuickLinks – Publications.

Benefits Provided – Benefits, as required by the Nevada Revised Statutes, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 EMPLOYEES RETIREMENT PLAN (CONTINUED)

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The system offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Vesting – Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation, however, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit up to 90% of average compensation.

The Plan’s provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Miscellaneous Plans	
	Prior to January 1, 2010	On or After January 1, 2010
Hire Date	2.67% @ 65	2.5% at 65
Benefit Formula	5 Years of Service	5 Years of Service
Benefit Vesting Formula	Monthly for Life	Monthly for Life
Benefit Payments	65	65
Retirement Age	2.5% to 2.67%	2.5%
Monthly Benefits, as a Percent of Eligible Compensation	21.50%	28.1%
Required Employee Contribution Rates		

Contributions – The Authority, for establishing and amending the obligation to make contribution and member contribution rates, is set by stature. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one or two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System’s basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee’s working lifetime in order to accumulate sufficient assets to pay benefits when due.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 EMPLOYEES RETIREMENT PLAN (CONTINUED)

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2018 and June 30, 2019, the regular employer-pay contribution (EPC) rate was 28%.

Net Pension Liability - The net pension liability (NPL) was measured as of June 30, 2018, and the total pension liability used to calculate the NPL was determined by an actuarial valuation as of that date. The NPL \$6,497,107 is measured as a proportionate share of the NPL of \$13,637,741,889 (or .04764%).

The employer allocation percentage of the NPL was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the NPL is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2019.

Deferred inflows/outflows – For the year ended June 30, 2019, the Authority recognized a pension recovery of \$52,926. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 911,715	\$ -
Differences Between Actual and Expected Experience	-	98,041
Changes in Assumptions	342,356	-
Net Differences Between Projected and Actual		
Earnings on Pension Plan Investments	-	30,933
Adjustment Due to Differences in Proportions	-	117,857
Total	<u>\$ 1,254,071</u>	<u>\$ 246,831</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 EMPLOYEES RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Of the \$1,254,071 reported as deferred outflows of resources, \$911,715 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 (measurement period ended June 30, 2019). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2020	\$ 66,574
2021	17,731
2022	(45,641)
2023	24,701
2024	28,320
2025	3,840

Actuarial Methods and Assumptions Used to Determine Total Pension Liability – The System’s net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the flowing actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:

Discount Rate	7.50%
Inflation Rate	2.75%
Payroll Growth	5.00%, including inflation
Productivity Pay Increases	0.50%
Projected Salary Increases	4.25% to 9.15%, for regular members, varying by service, including inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2018 funding actuarial valuation

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the experience study for the period July 1, 2012 to June 30, 2016.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan’s current funding policy and cost-sharing mechanism between employers and members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine total pension liability as of June 30, 2019.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 EMPLOYEES RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The following was the System's board adopted policy target asset allocation as of June 30, 2018:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return*</u>
Domestic Equity	42.0%	5.50%
International Equity	18.0%	5.75%
Domestic Fixed Income	30.0%	0.25%
Private Markets	10.0%	6.80%
Total	<u>100.0%</u>	

*As of June 30, 2018 PERS' Long-term inflation assumption was 2.75%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability, calculated using the discount rate of 7.50%, as well as what the Authority's proportionate share of the net pension liability/ (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50%)
Plan's Pension Liability	\$ 9,907,826	\$ 6,497,107	\$ 3,662,999

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued PERS Comprehensive Annual Financial Report, available on the PERS website.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Information

Eligible retirees may receive coverage through the Public Employee Benefit Program (PEBP). PEBP is an agent multiple-employer defined benefit plan administered by the nine member governing board that provides medical, prescription, dental, vision, and life insurance benefits to retirees. Eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the Authority is obligated to provide postemployment benefits is limited to eligible employees who retired from the Authority prior to September 1, 2008. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Employee Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, NV 89701 or by calling (775) 684-7000.

Benefits Provided

The Authority is required to provide a subsidy based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State legislature. In fiscal year 2019, this subsidy ranged from \$55 to \$636 per retiree, per month.

Employees Covered by Benefit Terms

As of July 1, 2017, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	29
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>72</u>
Total Plan Members	<u><u>101</u></u>

Contributions

The contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances. The Authority contributed \$0 beyond the pay-as-you-go cost for the period ending on the June 30, 2019 measurement date. For the year ending on the June 30, 2019 measurement date, total Authority premiums plus implicit costs for the retiree medical program were \$39,550.

Net OPEB Liability

The Authority's net OPEB liability of \$791,167 was measured as of June 30, 2019, and the total OPEB liability used to calculate the new OPEB liability was determined by an actuarial valuation as of that date.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:	
Valuation Date	July 1, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset-Valuation Method	Market Value of Assets at the Measurement Date
Investment Rate of Return	6.50%, net of OPEB plan investment expense, including inflation
Discount Rate	3.50% per annum
Municipal Bond Rate	3.45% as of June 30, 2018 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Single Equivalent Discount Rate	3.5%, net of OPEB plan investment expense, including inflation
Inflation	2.75% annually
Salary Increases	3.00% annually
Cost of Living Adjustment	N/A
Pre-Retirement Mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-Retirement Mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period 2006 – 2011, updated to reflect data through January 1, 2015.

The Authority has not established a formal Investment Policy. The chart below shows the development of a sample long-term rate.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap	20%	4.00%
Domestic Equity - Small/Mid Cap	10%	6.00%
International Equity - Developed Market	15%	4.50%
International Equity - Emerging Market	10%	7.00%
Domestic Fixed Income	30%	2.00%
International Fixed Income	10%	3.00%
Alternatives	5%	6.50%
Real Estate	0%	6.25%
Total	100%	

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 3.50%, as well as what the Authority's share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1% Decrease (2.50)%	Discount (3.50)%	1% Increase (4.50)%
Total Net OPEB Liability	\$ 880,331	\$ 791,167	\$ 717,046
Service Cost	17,983	15,551	13,409

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the Authority's proportionate share of the net OPEB liability as well as what the Authority's share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (4.00)%	Current Discount (5.00)%	1% Increase (6.00)%
Total Net OPEB Liability	\$ 690,351	\$ 791,167	\$ 1,478,560
Service Cost	7,921	15,551	107,976

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the Authority recognized an OPEB expense of \$13,346. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 78,634	\$ -
Contributions Made Subsequent to the Measurement Date	39,550	-
Total	<u>\$ 118,184</u>	<u>\$ -</u>

The \$39,550 reported as deferred outflows of resources related to OPEB resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 17,320
2021	17,320
2022	17,320
2023	17,320
2024	9,354

NOTE 10 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

	<u>Washoe Affordable Housing Corporation</u>	<u>Transitional Housing Corporation</u>	<u>Blended Component Unit Total</u>	<u>Total Primary Government</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Cash and Investments	\$ 3,013,638	\$ 232,106	\$ 3,245,744	\$ 15,692,076	-	\$ 18,937,820
Other Current Assets	92,895	-	92,895	1,348,207	-	1,441,102
Noncurrent Assets	-	-	-	767,000	-	767,000
Capital Assets	24,509	-	24,509	38,319,212	-	38,343,721
Interprogram Due From	227,700	(227,700)	-	4,850,434	(4,850,434)	-
Deferred Outflows	-	-	-	1,372,255	-	1,372,255
Total Assets and Deferred Outflows	3,358,742	4,406	3,363,148	62,349,184	(4,850,434)	60,861,898
LIABILITIES						
Current Liabilities	10,187	-	10,187	2,238,177	-	2,248,364
Noncurrent Liabilities	-	-	-	8,680,311	-	8,680,311
Interprogram Due To	622,877	-	622,877	4,227,557	(4,850,434)	-
Deferred Inflows	-	-	-	246,831	-	246,831
Total Liabilities and Deferred Inflows	633,064	-	633,064	15,392,876	(4,850,434)	11,175,506
NET POSITION						
Net Investment in Capital Assets	24,509	-	24,509	37,065,410	-	37,089,919
Unrestricted	2,701,169	4,406	2,705,575	10,354,067	-	13,059,642
Total Net Position	2,725,678	4,406	2,730,084	47,419,477	-	50,149,561
Total Liabilities and Net Position	<u>\$ 3,358,742</u>	<u>\$ 4,406</u>	<u>\$ 3,363,148</u>	<u>\$ 62,812,353</u>	<u>\$ (4,850,434)</u>	<u>\$ 61,325,067</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 10 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

	Washoe Affordable Housing Corporation	Transitional Housing Corporation	Blended Component Unit Total	Total Primary Government	Eliminations	Total
OPERATING REVENUES						
HUD Operating Grants	\$ -	\$ -	\$ -	\$ 42,343,681	\$ -	\$ 42,343,681
Rental Income	-	-	-	6,739,803	-	6,739,803
Other Revenue	24,011,691	-	24,011,691	2,875,011	(25,775,154)	1,111,548
Total Operating Revenue	24,011,691	-	24,011,691	51,958,495	(25,775,154)	50,195,032
OPERATING EXPENSES						
Administrative	748,346	-	748,346	6,619,491	(1,847,454)	5,520,383
Utilities	4,284	-	4,284	923,321	-	927,605
Maintenance	16,001	-	16,001	2,600,406	-	2,616,407
Tenant Services	-	-	-	252,955	-	252,955
General Expenses	133,028	-	133,028	24,616,670	(23,927,700)	821,998
Housing Assistance Payments	23,126,053	-	23,126,053	15,552,380	-	38,678,433
Depreciation	4,249	-	4,249	2,619,611	-	2,623,860
Total Operating Expenses	24,031,961	-	24,031,961	53,184,834	(25,775,154)	51,441,641
Operating Income (Loss)	(20,270)	-	(20,270)	(1,226,339)	-	(1,246,609)
Total Nonoperating Revenues/(Expenses)	18,979	4,406	23,385	134,727	-	158,112
Income (Loss) Before Capital Grants	(1,291)	4,406	3,115	(1,091,612)	-	(1,088,497)
Capital Grants	-	-	-	487,804	-	487,804
CHANGE IN NET POSITION	(1,291)	4,406	3,115	(603,808)	-	(600,693)
Total Net Position - Beginning of Year	2,726,969	-	2,726,969	48,023,285	-	50,750,254
TOTAL NET POSITION - END OF YEAR	\$ 2,725,678	\$ 4,406	\$ 2,730,084	\$ 47,419,477	\$ -	\$ 50,149,561

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 10 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

	Washoe Affordable Housing Corporation	Transitional Housing Corporation	Blended Component Unit Total	Total Primary Government	Eliminations	Total
Net Cash Provided (Used) by						
Operating Activities	\$ 309,253	\$ -	\$ 309,253	\$ 1,036,372	\$ -	\$ 1,345,625
Capital and Related Financing Activities	-	-	-	368,684	-	368,684
Investing Activities	18,979	4,406	23,385	(157,741)	-	(134,356)
Net Increase/ (Decrease) in Cash	328,232	4,406	332,638	1,247,315	-	1,579,953
Cash and Cash Equivalents - Beginning of Year	2,685,406	227,700	2,913,106	14,907,930	-	17,821,036
Cash and Cash Equivalents - End of Year	\$ 3,013,638	\$ 232,106	\$ 3,245,744	\$ 16,155,245	\$ -	\$ 19,400,989

NOTE 11 JOINT POWERS AGREEMENTS

Property and Liability Insurance

The Authority participates in a joint venture under a Joint Powers Agreement (JPA) with the Housing Authorities Risk Retention Pool (HARRP). HARRP was formed to provide property and liability insurance coverage for member housing authorities. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

NOTE 12 CONTINGENT LIABILITIES

Federal Grants

The Authority has received funds from various federal, state, and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

Pending Legal Matters

As of REPORT DATE, the date that the financial statements were available to be issued, the Authority had outstanding litigation cases that had not yet been resolved. The Authority has assessed the likelihood of such cases resulting in monetary settlement to be minimal and as such has not recorded an associated liability as fiscal year-end.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 SUBSEQUENT EVENTS

Management evaluated all activity of the Authority through March 25, 2020, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 14 PENDING GASB PRONOUNCEMENTS

GASB routinely issues standards that will become effective in future years. The following is a list of standards that have been issued that management has determined may have an impact on future financial statements of the Authority. Management is currently evaluating the specific impact of these Standards.

Statement No. 87 – Leases

The primary objective of this Statement is to improve accounting and financial reporting for leases by governments. It will require recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. This Statement is effective for the period ending June 30, 2021.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the period ending June 30, 2021.

Statement No. 90 – Majority Equity Interests

The primary objective of this Statement is to improve the consistency and comparability of reporting an entity's equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for the period ending June 30, 2020.

Statement No. 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for the period ending June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2019**

Last 10 Years*

Year Ended	Authority's Proportion of Net Pension Liability	Authority's Proportion Share of Net Pension Liability	Authority Covered Payroll	Authority's Proportion Share of Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
June 30, 2015	0.048513%	\$ 5,005,977	\$ 2,853,604	175%	76.3%
June 30, 2016	0.049868%	\$ 5,714,641	\$ 2,948,118	194%	75.1%
June 30, 2017	0.048670%	\$ 6,549,310	\$ 2,943,630	222%	72.2%
June 30, 2018	0.048180%	\$ 6,407,288	\$ 3,158,514	203%	74.4%
June 30, 2019	0.047640%	\$ 6,497,107	\$ 3,251,213	200%	75.2%

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2019**

Last 10 Years*

Year Ended	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered - Employee Payroll	Contributions as a Percentage of Covered - Employee Payroll
June 30, 2015	\$ 734,803	\$ (734,803)	\$ -	\$ 2,853,604	25.8%
June 30, 2016	\$ 825,473	\$ (825,473)	\$ -	\$ 2,948,118	28.1%
June 30, 2017	\$ 796,225	\$ (864,843)	\$ (68,618)	\$ 2,943,630	29.4%
June 30, 2018	\$ 883,787	\$ (883,787)	\$ -	\$ 3,158,514	28.0%
June 30, 2019	\$ 911,715	\$ (911,715)	\$ -	\$ 3,251,213	28.0%

Valuation Date

June 30, 2018

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Entry Age Actual Cost Method

Amortization Method

Level Percentage of Payroll

Asset Valuation Method

Market value of assets less unrecognized returns in each of the last five years.

Inflation

2.75%

Payroll Growth

5.50% Including Inflation

Salary Increase

1.0% to 5.90% Depending on Service. Rates

Include Inflation and Productivity Increases

Investment Rate of Return

7.50%

*Fiscal year ending June 30, 2015 was the first year of implementation, therefore only five years are shown.

**HOUSING AUTHORITY OF THE CITY OF RENO
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 YEAR ENDED JUNE 30, 2019**

Last 10 Years*

Year Ended	Authority's Proportion of Net OPEB Liability	Authority's Proportionate Share of Net OPEB Liability	Authority Covered Payroll	Authority's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the total OPEB Liability
June 30, 2018	100%	\$ 796,679	\$ 3,580,549	22.25%	0.0%
June 30, 2019	100%	\$ 791,167	\$ 3,687,965	21.45%	0.0%

*Information prior to fiscal year 2018 was not available. The Authority will accumulate each year until ten years of data becomes available.

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
YEAR ENDED JUNE 30, 2019**

Last 10 Years*

Year Ended	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Authority's Employee Covered Payroll	Contributions as a Percentage of Employee Covered Payroll
June 30, 2018	\$ 41,088	\$ 41,088	\$ -	\$ 3,580,549	1.15%
June 30, 2019	\$ 39,550	\$ 39,550	\$ -	\$ 3,687,965	1.07%

*Information prior to fiscal year 2018 was not available. The Authority will accumulate each year until ten years of data becomes available.

OTHER SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Housing and Urban Development (HUD)</u>		
Direct Programs:		
Section 8 Project Based Cluster:		
Section 8 Housing Assistance Payments Program	14.195	\$ 23,927,700
Section 8 Rental Moderate Rehabilitation Program – SRO	14.249	111,909
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	<u>20,372</u>
Total Section 8 Project-Based Cluster		<u>24,059,981</u>
Resident Opportunities Supportive Services	14.870	102,828
Moving to Work Demonstration (MTW) Program:		
MTW Demonstration Program for Low Rent	14.OPS	1,326,592
MTW Demonstration Program for Capital Fund	14.CFP	606,078
MTW Demonstration Program for HCV Program	14.HCV	<u>16,724,007</u>
Total Moving to Work Demonstration (MTW) Program		<u>18,656,677</u>
 Total Federal Expenditures, all U.S. Department of Housing and Urban Development		 <u><u>\$ 42,819,486</u></u>

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Housing Authority of the City of Reno (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 2 CFR 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 assets, 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 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.

NOTE 3 INDIRECT COST RATE

The Authority has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 SUBRECIPIENTS

The Authority did not pass-through any federal awards to subrecipients. The Authority was not a recipient of any amount of federal awards passed through from other entities for the year ended June 30, 2019. See the accompanying schedule.

NOTE 5 NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2019.

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Project Total	MTW - Low Rent	MTW - HCV	MTW - CFP	MTW - Demonstration Program	Section 8 Housing Assistance Payments	Section 8 MOD-SRO	Section 8 Moderate Rehabilitation	Shelter Plus Care	Neighborhood Stabilization Program
CURRENT ASSETS											
Cash:											
111	Unrestricted	\$ 2,091,852	\$ -	\$ -	\$ -	\$ 839,877	\$ -	\$ 374,863	\$ 66,608	\$ 16,710	\$ 713,088
112	Restricted - modernization and development	-	-	-	-	-	-	-	-	-	-
113	Other restricted	-	-	-	-	-	-	-	-	-	-
114	Tenant security deposits	215,566	-	-	-	-	-	-	-	-	93,608
100	Total cash	2,307,418	-	-	-	839,877	-	374,863	66,608	16,710	806,696
Accounts and notes receivable:											
121	PHA Projects	-	-	-	-	53,260	-	-	-	-	-
122	HUD other projects	131,886	-	-	-	-	-	729	-	-	-
124	Other government	-	-	-	-	-	-	-	-	-	-
125	Miscellaneous	18,115	-	-	-	7,241	-	-	1,275	-	-
126	Tenants	29,442	-	-	-	193,466	-	2,615	-	570	2,905
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(81,260)	-	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-	-
127	Notes, loans, & mortgages receivable - current	8,282	-	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	187,725	-	-	-	172,707	-	3,344	1,275	570	2,905
131	Investments - unrestricted	1,047,166	-	-	-	47	-	-	-	-	2,742,961
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	32,529	-	-	-	6,127	-	-	-	-	26,232
143	Inventories	-	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	-	-	-	-	-	-	-	-	-	1,246,051
150	Total current assets	3,574,838	-	-	-	1,018,758	-	378,207	67,883	17,280	4,824,845
NONCURRENT ASSETS											
Fixed assets:											
161	Land	2,273,745	-	-	-	-	-	-	-	-	2,901,945
162	Buildings	50,659,644	-	-	-	-	-	-	-	-	13,397,496
163	Furniture, equipment & mach - dwellings	654,222	-	-	-	18,713	-	-	-	-	69,735
165	Leasehold Improvements	106,638	-	-	-	-	-	-	-	-	97,480
164	Furniture, equipment & mach - admin.	485,681	-	-	-	17,274	-	-	-	-	2,711
166	Accumulated depreciation	(42,662,639)	-	-	-	(16,106)	-	-	-	-	(3,159,631)
167	Construction in progress	165,436	-	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	11,682,727	-	-	-	19,881	-	-	-	-	13,309,736
171	Notes, loans and mortgages receivable -noncurrent	-	-	-	-	-	-	-	-	-	366,000
174	Other assets	-	-	-	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
180	Total noncurrent assets	11,682,727	-	-	-	19,881	-	-	-	-	13,675,736
200	Deferred Outflow of Resources	441,927	-	-	-	511,288	-	-	-	-	39,366
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,699,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,549,927</u>	<u>\$ -</u>	<u>\$ 378,207</u>	<u>\$ 67,883</u>	<u>\$ 17,280</u>	<u>\$ 18,539,947</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activites	Blended Component Unit	COCC	Elimination	Total Enterprise Fund	Discrete Component Unit	Total Reporting Entity
CURRENT ASSETS											
Cash:											
111	Unrestricted	\$ 404,109	\$ 340,745	\$ 99,765	\$ 1,946,821	\$ 2,014,406	\$ 13,646	\$ -	\$ 8,922,490	\$ -	\$ 8,922,490
112	Restricted - modernization and development	-	-	-	-	-	-	-	-	418,178	418,178
113	Other restricted	-	-	-	-	-	-	-	-	-	-
114	Tenant security deposits	8,505	17,530	-	127,960	-	-	-	463,169	-	463,169
100	Total cash	<u>412,614</u>	<u>358,275</u>	<u>99,765</u>	<u>2,074,781</u>	<u>2,014,406</u>	<u>13,646</u>	<u>-</u>	<u>9,385,659</u>	<u>418,178</u>	<u>9,803,837</u>
Accounts and notes receivable:											
121	PHA Projects	-	-	-	-	-	-	-	53,260	-	53,260
122	HUD other projects	-	-	41,569	-	75,567	-	-	249,751	-	249,751
124	Other government	-	-	-	2,061	4,501	-	-	6,562	-	6,562
125	Miscellaneous	-	-	-	787,756	-	8,687	-	823,074	36,529	859,603
126	Tenants	132	69	-	2,184	-	-	-	231,383	-	231,383
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	(81,260)	-	(81,260)
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-	-
127	Notes, loans, & mortgages receivable - current	-	-	-	6,843	-	-	-	15,125	-	15,125
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	<u>132</u>	<u>69</u>	<u>41,569</u>	<u>798,844</u>	<u>80,068</u>	<u>8,687</u>	<u>-</u>	<u>1,297,895</u>	<u>36,529</u>	<u>1,334,424</u>
131	Investments - unrestricted	-	-	-	4,093,254	1,231,338	900,564	-	10,015,330	-	10,015,330
132	Investments - restricted	-	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	-	17,874	-	10,263	12,827	37,355	-	143,207	-	143,207
143	Inventories	-	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	72,127	-	-	2,786,809	-	745,447	(4,850,434)	-	-	-
150	Total current assets	<u>484,873</u>	<u>376,218</u>	<u>141,334</u>	<u>9,763,951</u>	<u>3,338,639</u>	<u>1,705,699</u>	<u>(4,850,434)</u>	<u>20,842,091</u>	<u>454,707</u>	<u>21,296,798</u>
NONCURRENT ASSETS											
Fixed assets:											
161	Land	143,190	322,400	-	2,881,772	-	-	-	8,523,052	800,000	9,323,052
162	Buildings	1,358,062	1,831,702	-	15,127,497	28,825	938,633	-	83,341,859	-	83,341,859
163	Furniture, equipment & mach - dwellings	-	-	-	118,676	-	131,207	-	992,553	-	992,553
165	Leasehold Improvements	24,228	25,755	-	-	-	-	-	254,101	-	254,101
164	Furniture, equipment & mach - admin.	-	-	-	111,963	62,761	214,510	-	894,900	-	894,900
166	Accumulated depreciation	(352,982)	(415,919)	-	(8,033,191)	(67,077)	(1,120,635)	-	(55,828,180)	-	(55,828,180)
167	Construction in progress	-	-	-	-	-	-	-	165,436	2,257,374	2,422,810
168	Infrastructure	-	-	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	<u>1,172,498</u>	<u>1,763,938</u>	<u>-</u>	<u>10,206,717</u>	<u>24,509</u>	<u>163,715</u>	<u>-</u>	<u>38,343,721</u>	<u>3,057,374</u>	<u>41,401,095</u>
171	Notes, loans and mortgages receivable -noncurrent	-	-	-	401,000	-	-	-	767,000	-	767,000
174	Other assets	-	-	-	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	-
180	Total noncurrent assets	<u>1,172,498</u>	<u>1,763,938</u>	<u>-</u>	<u>10,607,717</u>	<u>24,509</u>	<u>163,715</u>	<u>-</u>	<u>39,110,721</u>	<u>3,057,374</u>	<u>42,168,095</u>
200	Deferred Outflow of Resources	9,406	14,599	-	35,972	-	319,697	-	1,372,255	-	1,372,255
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,666,777</u>	<u>\$ 2,154,755</u>	<u>\$ 141,334</u>	<u>\$ 20,407,640</u>	<u>\$ 3,363,148</u>	<u>\$ 2,189,111</u>	<u>\$ (4,850,434)</u>	<u>\$ 61,325,067</u>	<u>\$ 3,512,081</u>	<u>\$ 64,837,148</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Project Total	MTW - Low Rent	MTW - HCV	MTW - CFP	MTW - Demonstration Program	Section 8 Housing Assistance Payments	Section 8 MOD-SRO	Section 8 Moderate Rehabilitation	Shelter Plus Care	Neighborhood Stabilization Program
CURRENT LIABILITIES											
312	Accounts payable <= 90 days	\$ 220,259	\$ -	\$ -	\$ -	\$ 103,365	\$ -	\$ -	\$ -	\$ -	\$ 4,424
321	Accrued wage/payroll taxes payable	-	-	-	-	-	-	-	-	-	-
322	Accrued compensated absences - current	11,689	-	-	-	9,342	-	-	-	-	1,802
325	Accrued interest payable	1	-	-	-	-	-	-	-	-	6
331	Accounts payable - HUD	-	-	-	-	-	-	786	922	-	-
333	Accounts Payable - Other Government	630,309	-	-	-	-	-	-	-	-	-
341	Tenant security deposits	215,566	-	-	-	-	-	-	-	-	93,608
342	Unearned revenues	13,701	-	-	-	-	-	-	-	-	5,786
343	Current portion of LT debt - capital projects	-	-	-	-	-	-	-	-	-	-
344	Current portion of LT debt- Operating	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	2,204	-	-	-	52,695	-	232	-	-	-
346	Other liabilities	47,665	-	-	-	-	-	-	-	-	42,387
347	Interprogram - due to	<u>2,075,952</u>	-	-	-	<u>908,106</u>	-	<u>317,755</u>	<u>44,285</u>	<u>6,720</u>	-
310	Total current liabilities	<u>3,217,346</u>	-	-	-	<u>1,073,508</u>	-	<u>318,773</u>	<u>45,207</u>	<u>6,720</u>	<u>148,013</u>
NONCURRENT LIABILITIES											
351	Long-term debt, net of current - capital	-	-	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating	-	-	-	-	-	-	-	-	-	-
353	Noncurrent liabilities - other	7,017	-	-	-	58,670	-	-	-	-	-
354	Accrued compensated absences - noncurrent	105,193	-	-	-	84,076	-	-	-	-	13,146
357	Accrued Pension and OPEB Liabilities	<u>2,407,914</u>	-	-	-	<u>2,643,534</u>	-	-	-	-	<u>228,768</u>
350	Total noncurrent liabilities	<u>2,520,124</u>	-	-	-	<u>2,786,280</u>	-	-	-	-	<u>241,914</u>
300	Total liabilities	<u>5,737,470</u>	-	-	-	<u>3,859,788</u>	-	<u>318,773</u>	<u>45,207</u>	<u>6,720</u>	<u>389,927</u>
400	Deferred Inflow of Resources	<u>64,531</u>	-	-	-	<u>109,691</u>	-	-	-	-	<u>2,234</u>
	Total Liabilities & Deferred Inflow of Resources	<u>5,802,001</u>	-	-	-	<u>3,969,479</u>	-	<u>318,773</u>	<u>45,207</u>	<u>6,720</u>	<u>392,161</u>
NET POSITION											
508.4	Net investment in capital assets	11,682,727	-	-	-	19,881	-	-	-	-	13,309,736
511.4	Restricted net position	-	-	-	-	-	-	-	-	-	-
512.4	Unrestricted net position	<u>(1,785,236)</u>	-	-	-	<u>(2,439,433)</u>	-	<u>59,434</u>	<u>22,676</u>	<u>10,560</u>	<u>4,838,050</u>
513	Total net position	<u>9,897,491</u>	-	-	-	<u>(2,419,552)</u>	-	<u>59,434</u>	<u>22,676</u>	<u>10,560</u>	<u>18,147,786</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 15,699,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,549,927</u>	<u>\$ -</u>	<u>\$ 378,207</u>	<u>\$ 67,883</u>	<u>\$ 17,280</u>	<u>\$ 18,539,947</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activities	Blended Component Unit	COCC	Elimination	Total Enterprise Fund	Discrete Component Unit	Total Reporting Entity
CURRENT LIABILITIES											
312	Accounts payable <= 90 days	\$ 882	\$ 789	\$ -	\$ 87,471	\$ 2,740	\$ 43,702	\$ -	\$ 463,632	\$ 500,313	\$ 963,945
321	Accrued wage/payroll taxes payable	-	-	-	51,210	7,240	-	-	58,450	-	58,450
322	Accrued compensated absences - current	175	249	-	646	-	6,848	-	30,751	-	30,751
325	Accrued interest payable	-	-	-	25,536	2	2	-	25,547	-	25,547
331	Accounts payable - HUD	-	-	-	-	-	-	-	1,708	-	1,708
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	630,309	-	630,309
341	Tenant security deposits	8,505	17,530	-	127,960	-	-	-	463,169	-	463,169
342	Unearned revenues	549	469	-	8,076	-	-	-	28,581	-	28,581
343	Current portion of LT debt - capital projects	-	-	-	248,345	-	-	-	248,345	-	248,345
344	Current portion of LT debt - operating	-	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	35,654	-	-	-	90,785	-	90,785
346	Accrued Liabilities - Other	-	-	-	116,830	205	-	-	207,087	-	207,087
347	Interprogram - due to	-	733,405	141,334	-	622,877	-	(4,850,434)	-	-	-
310	Total current liabilities	10,111	752,442	141,334	701,728	633,064	50,552	(4,850,434)	2,248,364	500,313	2,748,677
NONCURRENT LIABILITIES											
351	Long-term debt, net of current - capital	-	-	-	1,005,457	-	-	-	1,005,457	2,158,110	3,163,567
352	Long-term debt, net of current - operating	-	-	-	-	-	-	-	-	-	-
353	Noncurrent liabilities - other	-	-	-	44,143	-	-	-	109,830	415,394	525,224
354	Accrued compensated absences - noncurrent	1,577	2,242	-	8,884	-	61,632	-	276,750	-	276,750
357	Accrued Pension and OPEB Liabilities	48,747	74,884	-	197,214	-	1,687,213	-	7,288,274	-	7,288,274
350	Total noncurrent liabilities	50,324	77,126	-	1,255,698	-	1,748,845	-	8,680,311	2,573,504	11,253,815
300	Total liabilities	60,435	829,568	141,334	1,957,426	633,064	1,799,397	(4,850,434)	10,928,675	3,073,817	14,002,492
400	Deferred Inflow of Resources	1,989	3,281	-	4,953	-	60,152	-	246,831	-	246,831
	Total Liabilities and Deferred Inflow of Resources	62,424	832,849	141,334	1,962,379	633,064	1,859,549	(4,850,434)	11,175,506	3,073,817	14,249,323
NET POSITION											
508.4	Net investment in capital assets	1,172,498	1,763,938	-	8,952,915	24,509	163,715	-	37,089,919	398,951	37,488,870
511.4	Restricted net position	-	-	-	-	-	-	-	-	-	-
512.4	Unrestricted net position	431,855	(442,032)	-	9,492,346	2,705,575	165,847	-	13,059,642	39,313	13,098,955
513	Total net position	1,604,353	1,321,906	-	18,445,261	2,730,084	329,562	-	50,149,561	438,264	50,587,825
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 1,666,777	\$ 2,154,755	\$ 141,334	\$ 20,407,640	\$ 3,363,148	\$ 2,189,111	\$ (4,850,434)	\$ 61,325,067	\$ 3,512,081	\$ 64,837,148

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Project Total	MTW - Low Rent	MTW - HCV	MTW - CFP	MTW - Demonstration Program	Section 8 Housing Assistance Payments	Section 8 MOD-SRO	Section 8 Moderate Rehabilitation	Shelter Plus Care	Neighborhood Stabilization Program
REVENUE											
70300	Net tenant rental revenue	\$ 2,738,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,028,493
70400	Tenant revenue - other	59,404	-	-	-	-	-	-	-	-	7,250
70500	Total tenant revenue	2,798,129	-	-	-	-	-	-	-	-	1,035,743
70600	HUD PHA operating grants	-	1,326,592	16,724,007	118,274	-	23,927,700	120,629	23,651	-	-
706.10	Capital grants	-	-	-	487,804	-	-	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-	-	-	-
70720	Asset Management fee	-	-	-	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-	-	-	-
70800	Other governmental grants	-	-	-	-	-	-	-	-	-	-
71100	Investment income - unrestricted	19,877	-	-	-	65	-	-	-	-	52,578
71400	Fraud recovery	-	-	-	-	131,985	-	2,615	-	-	-
71500	Other revenue	6,335	-	-	-	197,693	-	-	-	4,605	2,886
71600	Gain or loss on sale of capital assets	-	-	-	-	-	-	-	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-
70000	Total revenue	2,824,341	1,326,592	16,724,007	606,078	329,743	23,927,700	123,244	23,651	4,605	1,091,207
EXPENSES											
Administrative:											
91100	Administrative salaries	710,558	-	-	-	976,891	-	-	-	-	70,456
91200	Auditing fees	23,000	-	-	-	22,000	-	-	-	-	-
91300	Management fee	549,732	-	-	-	335,712	-	3,024	684	-	94,692
91310	Bookkeeping fee	67,590	-	-	-	209,828	-	1,890	428	-	10,080
91400	Advertising	1,779	-	-	-	541	-	-	-	-	387
91500	Employee benefit contributions - admin	316,780	-	-	-	534,821	-	-	-	-	33,228
91600	Office expense	181,314	-	-	-	192,618	-	-	-	-	67,841
91700	Legal expense	14,591	-	-	-	2,025	-	-	-	-	-
91800	Travel	6,342	-	-	-	9,382	-	-	-	-	61
91900	Other	49,581	-	-	-	-	-	-	-	-	53,783
	Total administrative	1,921,267	-	-	-	2,283,818	-	4,914	1,112	-	330,528
92000	Asset Management Fee	71,640	-	-	-	-	-	-	-	-	-
Tenant services:											
92100	Salaries	59,782	-	-	-	-	-	-	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions	27,294	-	-	-	-	-	-	-	-	-
92400	Other	51,163	-	-	-	150	-	-	-	-	-
	Total tenant services	138,239	-	-	-	150	-	-	-	-	-
Utilities:											
93100	Water	136,471	-	-	-	-	-	-	-	-	2,805
93200	Electricity	65,067	-	-	-	-	-	-	-	-	1,165
93300	Gas	42,336	-	-	-	-	-	-	-	-	855
93400	Fuel	-	-	-	-	-	-	-	-	-	-
93600	Sewer	334,375	-	-	-	-	-	-	-	-	34,934
93800	Other utilities expense	15,634	-	-	-	-	-	-	-	-	-
	Total utilities	593,883	-	-	-	-	-	-	-	-	39,759
Ordinary maintenance & operations:											
94100	Labor	599,059	-	-	-	-	-	-	-	-	84,727
94200	Materials and other	166,175	-	-	-	455	-	-	-	-	42,791
94300	Contracts	589,510	-	-	-	3,569	-	-	-	-	111,030
94500	Employee benefits contribution	284,078	-	-	-	-	-	-	-	-	39,671
	Total ordinary maintenance & operations	1,638,822	-	-	-	4,024	-	-	-	-	278,219

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activities	Blended Component Unit	COCC	Elimination	Total Enterprise Fund	Discrete Component Unit	Total Reporting Entity
REVENUE											
70300	Net tenant rental revenue	\$ 98,504	\$ 161,283	\$ -	\$ 2,608,652	\$ -	\$ -	\$ -	\$ 6,635,657	\$ -	\$ 6,635,657
70400	Tenant revenue - other	300	800	-	36,392	-	-	-	104,146	-	104,146
70500	Total tenant revenue	98,804	162,083	-	2,645,044	-	-	-	6,739,803	-	6,739,803
70600	HUD PHA operating grants	-	-	102,828	-	-	-	-	42,343,681	-	42,343,681
706.10	Capital grants	-	-	-	-	-	-	-	487,804	-	487,804
70710	Management fee	-	-	-	-	-	1,039,500	(1,039,500)	-	-	-
70720	Asset Management fee	-	-	-	-	-	71,640	(71,640)	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	572,010	(572,010)	-	-	-
70750	Other Service Fees	-	-	-	-	-	29,976	(29,304)	672	-	672
70800	Other governmental grants	-	-	-	-	23,927,700	-	(23,927,700)	-	-	-
71100	Investment income - unrestricted	-	-	-	88,043	23,385	17,120	-	201,068	-	201,068
71400	Fraud recovery	-	-	-	-	-	-	-	134,600	-	134,600
71500	Other revenue	55	1,212	-	507,977	83,991	169,321	(135,000)	839,075	490,789	1,329,864
71600	Gain or loss on sale of capital assets	-	-	-	137,201	-	-	-	137,201	-	137,201
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-	-
70000	Total revenue	98,859	163,295	102,828	3,378,265	24,035,076	1,899,567	(25,775,154)	50,883,904	490,789	51,374,693
EXPENSES											
Administrative:											
91100	Administrative salaries	11,784	17,334	45,981	126,727	181,151	703,114	-	2,843,996	-	2,843,996
91200	Auditing fees	-	-	-	-	-	2,115	-	47,115	-	47,115
91300	Management fee	7,320	16,104	-	159,355	-	-	(1,039,500)	127,123	-	127,123
91310	Bookkeeping fee	900	1,980	-	3,960	275,355	-	(572,010)	1	-	1
91400	Advertising	-	-	-	130	-	3,735	-	6,572	-	6,572
91500	Employee benefit contributions - admin	5,181	7,383	-	45,988	62,994	324,757	-	1,331,132	-	1,331,132
91600	Office expense	215	34,345	-	75,398	61,681	302,951	(135,000)	781,363	52,525	833,888
91700	Legal expense	-	-	-	8,730	1,595	61,625	-	88,566	-	88,566
91800	Travel	-	25	-	183	10,884	24,338	-	51,215	-	51,215
91900	Other	1,322	2,905	-	10,297	154,686	30	(29,304)	243,300	-	243,300
	Total administrative	26,722	80,076	45,981	430,768	748,346	1,422,665	(1,775,814)	5,520,383	52,525	5,572,908
92000	Asset Management Fee	-	-	-	-	-	-	(71,640)	-	-	-
Tenant services:											
92100	Salaries	-	-	40,895	2,808	-	-	-	103,485	-	103,485
92200	Relocation costs	-	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions	-	-	15,617	1,513	-	-	-	44,424	-	44,424
92400	Other	-	-	-	53,733	-	-	-	105,046	-	105,046
	Total tenant services	-	-	56,512	58,054	-	-	-	252,955	-	252,955
Utilities:											
93100	Water	141	84	-	38,177	313	2,149	-	180,140	-	180,140
93200	Electricity	285	66	-	29,450	1,360	9,445	-	106,838	-	106,838
93300	Gas	322	48	-	10,908	503	1,749	-	56,721	-	56,721
93400	Fuel	-	-	-	-	-	-	-	-	-	-
93600	Sewer	5,024	8,419	-	160,650	607	-	-	544,009	-	544,009
93800	Other utilities expense	6	6	-	1,295	1,501	21,455	-	39,897	-	39,897
	Total utilities	5,778	8,623	-	240,480	4,284	34,798	-	927,605	-	927,605
Ordinary maintenance & operations:											
94100	Labor	6,701	8,271	-	199,235	3,938	23,986	-	925,917	-	925,917
94200	Materials and other	622	2,294	-	90,589	653	3,488	-	307,067	-	307,067
94300	Contracts	3,487	9,034	-	199,747	11,410	45,200	-	972,987	-	972,987
94500	Employee benefits contribution	2,980	3,756	-	68,975	-	10,976	-	410,436	-	410,436
	Total ordinary maintenance & operations	13,790	23,355	-	558,546	16,001	83,650	-	2,616,407	-	2,616,407

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Project Total	MTW - Low Rent	MTW - HCV	MTW - CFP	MTW - Demonstration Program	Section 8 Housing Assistance Payments	Section 8 MOD-SRO	Section 8 Moderate Rehabilitation	Shelter Plus Care	Neighborhood Stabilization Program
EXPENSES (Continued)											
Protective services:											
95100	Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Other contract costs	-	-	-	-	-	-	-	-	-	-
95300	Other	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions	-	-	-	-	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	-	-	-	-	-	-
96110	Property insurance	53,019	-	-	-	-	-	-	-	-	7,907
96120	Liability insurance	12,470	-	-	-	-	-	-	-	-	1,860
96130	Workmen's Compensation	31,393	-	-	-	26,111	-	-	-	-	3,664
96140	All other insurance	20,821	-	-	-	1,414	-	-	-	-	2,969
96100	Total insurance premiums	117,703	-	-	-	27,525	-	-	-	-	16,400
General expenses:											
96200	Other general expenses	3,745	-	-	-	-	23,927,700	-	-	-	612
96210	Compensated absences	13,360	-	-	-	-	-	-	-	-	6,057
96300	Payment in lieu of taxes	209,767	-	-	-	-	-	-	-	-	-
96400	Bad debt - tenant rents	22,996	-	-	-	83,042	-	-	-	-	10,326
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-
96000	Total general expenses	249,868	-	-	-	83,042	23,927,700	-	-	-	16,995
96710	Interest of mortgage payable	-	-	-	-	-	-	-	-	-	-
96720	Interest on notes payable	-	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
96700	Total interest expense and amortization	-	-	-	-	-	-	-	-	-	-
96900	Total operating expenses	4,731,422	-	-	-	2,398,559	23,927,700	4,914	1,112	-	681,901
97000	Excess of operating revenue over operating expenses	(1,907,081)	1,326,592	16,724,007	606,078	(2,068,816)	-	118,330	22,539	4,605	409,306
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-
97200	Casualty Losses- Non-capitalized	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	15,192,656	-	106,995	19,260	-	-
97350	HAP Portability-in	-	-	-	-	182,326	-	-	-	-	-
97400	Depreciation expense	1,408,610	-	-	-	5,272	-	-	-	-	479,163
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-
90000	Total expenses	6,140,032	-	-	-	17,778,813	23,927,700	111,909	20,372	-	1,161,064
Other financing sources (uses):											
10010	Operating transfer in	453,181	-	-	-	18,656,677	-	-	-	-	-
10020	Operating transfer out	(453,181)	(1,326,592)	(16,724,007)	(606,078)	-	-	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	-	-	-	-	-
10093	Transfers between Program and Project - In	1,932,670	-	-	-	-	-	-	-	-	-
10094	Transfers between Program and Project - Out	-	-	-	-	(1,932,670)	-	-	-	-	-
10100	Total other financing sources (uses)	1,932,670	(1,326,592)	(16,724,007)	(606,078)	16,724,007	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ (1,383,021)	\$ -	\$ -	\$ -	\$ (725,063)	\$ -	\$ 11,335	\$ 3,279	\$ 4,605	\$ (69,857)

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activites	Blended Component Unit	COCC	Elimination	Total Enterprise Fund	Discrete Component Unit	Total Reporting Entity
EXPENSES (Continued)											
Protective services:											
95100	Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Other contract costs	-	-	-	-	-	-	-	-	-	-
95300	Other	-	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions	-	-	-	-	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	-	-	-	-	-	-
96110	Property insurance	706	1,553	-	24,073	-	-	-	87,258	-	87,258
96120	Liability insurance	166	365	-	5,662	-	-	-	20,523	-	20,523
96130	Workmen's Compensation	448	615	335	8,857	2,793	1,998	-	76,214	-	76,214
96140	All other insurance	202	444	-	6,887	-	11,527	-	44,264	-	44,264
96100	Total insurance premiums	1,522	2,977	335	45,479	2,793	13,525	-	228,259	-	228,259
General expenses:											
96200	Other general expenses	48	145	-	497	130,235	110,000	(23,927,700)	245,282	-	245,282
96210	Compensated absences	-	364	-	2,077	-	-	-	21,858	-	21,858
96300	Payment in lieu of taxes	-	-	-	-	-	-	-	209,767	-	209,767
96400	Bad debt - tenant rents	-	-	-	468	-	-	-	116,832	-	116,832
96600	Bad debt - other	-	-	-	-	-	-	-	-	-	-
96000	Total general expenses	48	509	-	3,042	130,235	110,000	(23,927,700)	593,739	-	593,739
96710	Interest of mortgage payable	-	-	-	42,956	-	-	-	42,956	-	42,956
96720	Interest on notes payable	-	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
96700	Total interest expense and amortization	-	-	-	42,956	-	-	-	42,956	-	42,956
96900	Total operating expenses	47,860	115,540	102,828	1,379,325	901,659	1,664,638	(25,775,154)	10,182,304	52,525	10,234,829
97000	Excess of operating revenue over operating expenses	50,999	47,755	-	1,998,940	23,133,417	234,929	-	40,701,600	438,264	41,139,864
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-	-
97200	Casualty Losses- Non-capitalized	-	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	51,143	23,126,053	-	-	38,496,107	-	38,496,107
97350	HAP Portability-in	-	-	-	-	-	-	-	182,326	-	182,326
97400	Depreciation expense	52,935	74,715	-	559,977	4,249	38,939	-	2,623,860	-	2,623,860
97500	Fraud Losses	-	-	-	-	-	-	-	-	-	-
90000	Total expenses	100,795	190,255	102,828	1,990,445	24,031,961	1,703,577	(25,775,154)	51,484,597	52,525	51,537,122
Other financing sources (uses):											
10010	Operating transfer in	-	-	-	-	-	-	(19,109,858)	-	-	-
10020	Operating transfer out	-	-	-	-	-	-	19,109,858	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	(1,932,670)	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	1,932,670	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ (1,936)	\$ (26,960)	\$ -	\$ 1,387,820	\$ 3,115	\$ 195,990	\$ -	\$ (600,693)	\$ 438,264	\$ (162,429)

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Project Total	MTW - Low Rent	MTW - HCV	MTO - CFP	MTW - Demonstration Program	Section 8 Housing Assistance Payments	Section 8 MOD-SRO	Section 8 Moderate Rehabilitation	Shelter Plus Care	Neighborhood Stabilization Program
Memo Account Information											
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	11,280,512	-	-	-	(1,694,489)	-	48,099	19,397	5,955	18,217,643
11040	Prior period adjustments, equity transfers correction	-	-	-	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	-	-	-	-	-
11190	Unit months available	9,012	-	-	-	33,864	-	-	60	-	1,344
11210	Number of unit months leased	8,879	-	-	-	31,027	-	-	56	-	1,286
11270	Excess cash	(56,577)	-	-	-	-	-	-	-	-	-
11620	Building purchases	418,407	-	-	-	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	2,240	-	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	67,157	-	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2019**

Line Item #	Accounts Description	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activities	Blended Component Unit	COCC	Elimination	Total Enterprise Fund	Discrete Component Unit	Total Reporting Entity
Memo Account Information											
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ 7,113	\$ -	\$ -	\$ -	\$ 7,113	\$ -	\$ 7,113
11030	Beginning equity	1,606,289	1,348,866	-	17,057,441	2,726,969	133,572	-	50,750,254	-	50,750,254
11040	Prior period adjustments, equity transfers correction	-	-	-	-	-	-	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	-	-	-	-	-
11190	Unit months available	120	288	-	4,224	38,088	-	-	87,000	-	87,000
11210	Number of unit months leased	116	283	-	4,209	36,778	-	-	82,634	-	82,634
11270	Excess cash	-	-	-	-	-	-	-	(56,577)	-	(56,577)
11620	Building purchases	-	-	-	-	-	-	-	418,407	-	418,407
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	2,240	-	2,240
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	67,157	-	67,157
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-



**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**

Board of Commissioners
Housing Authority of the City of Reno
Reno, Nevada

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 financial statements of the business-type activities and the discretely presented component unit of the Housing Authority of the City of Reno (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 25, 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 opinions 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.

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.

Our 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 our audit we did not identify any deficiencies in internal control that we 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 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Baltimore, Maryland
March 25, 2020



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

Board of Commissioners
Housing Authority of the City of Reno
Reno, Nevada

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Reno's (the Authority) compliance with the types of compliance requirements described in the *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 auditors' results section of the accompanying schedule of findings and questioned costs.

The Authority's basic financial statements include the operations of a discretely presented component unit which may have received federal awards which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that 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 major federal program 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 to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, 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 a 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 25, 2020

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. 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

CFDA Number(s)	Name of Federal Program or Cluster
14.195/14.249/14.856	Section 8 Project-Based Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>1,292,969</u>
Auditee qualified as low-risk auditee?	_____ yes <u> x </u> no

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2019**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).