

**CROPPER ROWE, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

---

**HOUSING AUTHORITY  
OF THE CITY OF RENO  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2015**

**(Including Auditors' Report Thereon)**

---

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2015**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Enterprise Fund Financial Statements:	
Statement of Net Position - Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	13
Statement of Cash Flows - Proprietary Funds	14
Notes to the Financial Statements	15
Required Supplementary Information:	
Schedule of Funding Progress for OPEB	35
Schedule of the Authority's Proportionate Share of the Net Pension Liability	36
Schedule of the Authority's Pension Plan Contribution	36
Other Supplementary Information:	
Schedule of Expenditures of Federal Awards	38
Notes to Schedule of Expenditures of Federal Awards	39
Financial Data Schedule	40
Schedule of Completed Capital Fund Projects	53
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	54
Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133	56
Status of Prior Audit Findings	59
Schedule of Findings and Questioned Costs	60

## INDEPENDENT AUDITORS' REPORT

To the 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, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Reno, Nevada, as of and for the year ended June 30, 2015, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the one major fund of the Housing Authority of the City of Reno, Nevada, as of June 30, 2015, and the respective changes in financial position and, where applicable, 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 Funding Progress for Other Post Employment Benefits on page 35, the Schedule of the Authority's Proportionate Share of the Net Pension Liability and the Schedule of the Authority's Pension Plan Contribution on page 36 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 basis 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 Housing Authority of the City of Reno, Nevada's basic financial statements. The Schedule of Expenditures of Federal Awards on page 38 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Financial Data Schedule on pages 39 through 52 and the Schedule of Completed Capital Fund Projects on page 53 are required by the U.S. Department of Housing and Urban Development presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Financial Data Schedule, and the Schedule of Completed Capital Fund Projects 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 Schedule of Expenditures of Federal Awards, the Financial Data Schedule and the Schedule of Completed Capital Fund Projects are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Implementation of New Accounting Standards*

As disclosed in Note 1 to the financial statements, the Authority implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 67*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015.

### **Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015 on our consideration of the Housing Authority of the City of Reno, Nevada'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 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 Housing Authority of the City of Reno, Nevada's internal control over financial reporting and compliance.

*Cropper Row, LLP*

Walnut Creek, California  
December 15, 2015

**HOUSING AUTHORITY OF THE CITY OF RENO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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, 2015.

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 \$47,623,579 at June 30, 2015.
- The total net position of the Authority decreased from \$53,544,969 at June 30, 2014 to \$47,623,579 at June 30, 2015. The total unrestricted net position at June 30, 2015 is \$6,872,605. This amount may be used to meet the Authority's ongoing obligations.

The \$5,921,390 of total net position decrease was primarily due to the recording of the activities associated with the implementation of GASB 68 (See Notes 6 and 8).

- Total assets and deferred outflow of resources decreased from \$60,087,355 at June 30, 2014 to \$57,807,897 at June 30, 2015 a decrease of \$2,279,458.
- Net capital assets decreased from \$42,071,132 at June 30, 2014 to \$41,570,604 at June 30, 2015. This decrease of \$500,528 was the result of net additions and sales of capital assets less depreciation expense for fiscal year 2015 (See Note 3).
- Total liabilities and deferred inflows of resources increased from \$6,542,386 at June 30, 2014 to \$8,880,400 at June 30, 2015 an increase of \$2,338,014 which was primarily the result of the recording of the accrued pension liability and deferred inflows of resources recorded during fiscal 2015 as required by GASB 68.
- Revenues for fiscal year 2015 from all programs totaling \$49,417,335 consisted of federal grants and subsidies of \$43,050,472, and rental, interest, pension and other income of \$6,366,863.
- Total expenses for all programs for fiscal year 2015 were \$49,693,292. This represents an increase in expenses of \$452,233 from the total fiscal year 2014 expenses of \$49,241,059.

## **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 non-financial 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.

## **The Authority's Programs**

*Moving-To-Work Program* – Effective July 1, 2014 the Authority began administering the Moving-To-Work Demonstration Program (MTW). The Moving-To-Work Program is a demonstration program recently implemented and funded by the U.S. Department of Housing and Urban Development (HUD). The Moving-to-work program was awarded to the Authority under a five year funding agreement which became effective on June 27, 2014 and expires June 30, 2018. 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 Moving-to-Work Program administered by the Authority during fiscal year 2015 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 non-life threatening health and safety issues, and conducting Management and Occupancy Reviews. Approximately 40 projects and 3,182 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 June 30, 2016.

*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.

### **New Significant Accounting Standards Implemented**

In fiscal year 2014-2015, the Authority adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (“GASB”) that relate to the Authority’s pension plan. The Statements are:

1. Statement No. 68, *Accounting and Financial Reporting for pensions – an amendment of GASB Statement No. 27.*
2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

The significance of the Authority implementing Statement No. 68 is the reporting of the Authority’s unfunded pension liability on the full accrual basis of accounting on the Authority’s financial statements. There are new footnote disclosure requirements and supplementary schedules required by the Statement.

The measurement date for the pension liability is June 30, 2014. This date reflects a one year lag and was used so that these financial statements could be issued in a timely manner. Contributions made during fiscal year 2014 – 2015 are reported as deferred outflows of resources in accordance with Statement No. 71.

The implementation of these statements required that a prior period adjustment be made to the Authority’s June 30, 2014 previously reported net position. This prior period adjustment decreased the Authority’s reported June 30, 2014 net position by \$5,645,433 from \$53,544,969 to \$47,899,536. Please refer to Notes 6 and 8 for more information regarding the Authority’s prior period adjustment and pension plan.

### **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, the Schedule of Expenditures of Federal Awards, and the Schedule of Completed Capital Fund Projects are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, the Governmental Accounting Standards Board (GASB), and the U.S. Department of Housing and Urban Development 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 \$5,921,390 to \$47,623,579 in Fiscal 2015 down from \$53,544,969 in fiscal 2014.

**TABLE 1**  
**Condensed Statements of Net Position**

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Total % Change</u>
<b>Assets and Deferred Outflows:</b>				
Current assets	\$ 14,566,991	\$ 17,091,223	\$ (2,524,232)	(14.8)%
Notes receivable	855,000	925,000	(70,000)	(7.6)
Capital assets	41,570,604	42,071,132	(500,528)	(1.2)%
Deferred outflows	<u>815,302</u>	<u>-</u>	<u>815,302</u>	
Total Assets and Deferred Outflows	<u>\$ 57,807,897</u>	<u>\$ 60,087,355</u>	<u>\$ (2,279,458)</u>	(3.8)%
<b>Liabilities and Deferred Inflows:</b>				
Current liabilities	\$ 1,366,406	\$ 1,505,141	\$ (138,735)	(9.2)%
Noncurrent liabilities	7,513,994	5,037,245	2,476,749	23.0%
Deferred inflows	<u>1,303,918</u>	<u>-</u>	<u>1,303,918</u>	
Total Liabilities and Deferred Inflows	<u>10,184,318</u>	<u>6,542,386</u>	<u>3,641,932</u>	55.7%
<b>Net Position</b>				
Net investment in capital assets	39,633,503	37,627,274	2,006,229	5.3%
Restricted net position	1,117,471	1,437,764	(320,293)	(22.3)%
Unrestricted net position	<u>6,872,605</u>	<u>14,479,931</u>	<u>(7,607,326)</u>	(52.5)%
Total Net Position	<u>\$ 47,623,579</u>	<u>\$ 53,544,969</u>	<u>\$ (5,921,390)</u>	(11.1)%

For more detailed information concerning the Statement of Net Position for fiscal year 2015 see the Statement of Net Position on page 12 of this report.

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**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Position**  
**For the Year Ended June 30, 2015**

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Total % Change</u>
<u>Revenues</u>				
Grants	\$ 43,050,472	\$ 43,467,607	\$ (417,135)	(1.0)%
Rental income	5,673,154	5,124,777	548,377	10.7%
Interest income	45,269	32,314	12,955	40.1%
Pension income	99,933	-	99,933	
Other income	<u>548,507</u>	<u>803,868</u>	<u>(255,361)</u>	(31.8)%
Total Revenues	<u>49,417,335</u>	<u>49,428,566</u>	<u>(11,231)</u>	(0.0)%
<u>Expenses</u>				
Administrative	5,643,604	5,789,364	(145,760)	(2.5)%
Utilities	914,923	878,044	36,879	4.2%
Maintenance	2,591,745	2,674,874	(83,129)	(3.1)%
Tenant services	455,067	595,366	(140,299)	(23.6)%
Housing assistance payments	37,111,012	36,012,151	1,098,861	3.1%
General	423,490	447,274	(23,784)	(5.3)%
Interest expense	127,651	231,713	(104,062)	(44.9)%
Loss on sale of assets held for resale	-	243,993	(243,993)	
Loss on investment in partnerships	-	8,204	(8,204)	
Loss on sale of capital assets	170,283	203,026	(32,743)	(16.1)%
Depreciation and amortization	<u>2,255,517</u>	<u>2,157,050</u>	<u>98,467</u>	4.6%
Total Expenses	<u>49,693,292</u>	<u>49,241,059</u>	<u>452,233</u>	0.9%
Increase (Decrease) in Net Position	<u>\$ (275,957)</u>	<u>\$ 187,507</u>	<u>\$ (463,464)</u>	(247.2)%

For more detail concerning the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year 2015 see the Statement of Revenues, Expenses, and Changes in Net Position on page 13 of this report.

## Capital Assets and Debt Administration

### Capital Assets

As of year-end, the Authority had \$41,570,604 of net capital assets as is reflected in the following Table 3, which represents a net decrease of \$500,528 from the 2014 fiscal year's ending balance.

**TABLE 3**

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Total % Change</u>
Land	\$ 9,553,980	\$ 9,639,295	\$ (85,315)	(0.9)%
Buildings	31,770,371	32,176,034	(405,663)	(1.3)%
Furniture and equipment	<u>246,253</u>	<u>255,803</u>	<u>(9,550)</u>	(3.7)%
Net capital assets	<u>\$ 41,570,604</u>	<u>\$ 42,071,132</u>	<u>\$ (500,528)</u>	(1.2)%

For more detail pertaining to the Authority's capital assets please see Note 3 the financial statements on page 22 of this report.

### Debt Administration

As of year-end, the Authority had \$1,937,101 of long-term notes and bonds payable as is reflected in the following Table 4, which represents a net decrease of \$2,506,757 from the 2014 fiscal year's ending balance.

**TABLE 4**

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Total % Change</u>
Bonds payable	\$ 1,399,000	\$ 3,196,000	\$ (1,797,000)	(56.2)%
Notes payable	<u>538,101</u>	<u>1,247,858</u>	<u>(709,757)</u>	(56.9)%
Total bonds and notes payable	<u>\$ 1,937,101</u>	<u>\$ 4,443,858</u>	<u>\$ (2,506,757)</u>	(56.4)%

For more detail pertaining to the Authority's bonds and notes payable please see Note 4 to the financial statements on page 22 of this report.

## **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 October 2015 unemployment rate stood at 6.6%, the lowest it has been in more than seven years, compared to the national unemployment rate of 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 2015 the Authority does not anticipate significant reductions in federal grant funding for fiscal 2015 versus the funding received for its 2016 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, which 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 been decreasing the past several quarters and the average rents in the Reno market continues to increase compared to fiscal year 2014. 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 Mr. Veera Murugappan, Director of Administration, 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**  
**STATEMENT OF NET POSITION -**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	<u>Enterprise Housing Fund</u>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and investments (Note 2)	\$ 14,294,690
Due from other governments	82,073
Accounts receivable - other	6,478
Interest receivable	8,456
Notes receivable	78,791
Prepaid expenses	21,403
Inventory	<u>75,100</u>
Total current assets	<u>14,566,991</u>
Noncurrent Assets:	
Notes receivable	855,000
Capital assets, net of accumulated depreciation of \$45,799,130 (Note 3)	<u>41,570,604</u>
Total non-current assets	<u>42,425,604</u>
Total assets	56,992,595
Deferred Outflows of Resources	<u>815,302</u>
Total assets and deferred outflow of resources	<u>\$ 57,807,897</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Accounts payable-vendors	\$ 374,568
Due to other agencies	174,111
Tenant security deposits	422,568
Accrued payroll	131,224
Other accrued liabilities	17,375
Notes payable - current (Note 4)	213,298
Compensated absences (Note 5)	<u>33,262</u>
Total current liabilities	<u>1,366,406</u>
Noncurrent Liabilities:	
OPEB Obligation (Note 7)	283,856
Compensated absences (Note 5)	299,355
Notes payable (Note 4)	1,723,803
Accrued pension liability (Note 8)	5,055,977
Other noncurrent liabilities	<u>151,003</u>
Total noncurrent liabilities	<u>7,513,994</u>
Total liabilities	8,880,400
Deferred Inflows of Resources	<u>1,303,918</u>
Total liabilities and deferred inflows of resources	<u>10,184,318</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	39,633,503
Restricted	1,117,471
Unrestricted	<u>6,872,605</u>
Total net position	<u>\$ 47,623,579</u>

The accompanying notes are an integral part of this statement.

**HOUSING AUTHORITY OF THE CITY OF RENO  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION -  
PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Enterprise Housing Fund</u>
<u>Operating Revenues</u>	
Grants	\$ 43,050,472
Rental income	5,673,154
Other	<u>548,507</u>
Total operating revenues	<u>49,272,133</u>
 <u>Operating Expenses</u>	
Administrative	5,643,604
Utilities	914,923
Maintenance	2,591,745
Tenant services	455,067
General	423,490
Housing assistance payments	37,111,012
Depreciation and amortization	<u>2,255,517</u>
Total operating expenditures	<u>49,395,358</u>
Operating income (loss)	<u>(123,225)</u>
 <u>Non-Operating Revenues (Expenses)</u>	
Investment income	45,269
Pension income (Note 8)	99,933
Loss on sale of capital assets	(170,283)
Interest expense	<u>(127,651)</u>
Total non-operating revenue (loss)	<u>(152,732)</u>
Change in net position	<u>(275,957)</u>
Beginning net position, as previously stated	53,544,969
Prior period adjustment (Note 6)	<u>(5,645,433)</u>
Beginning net position, as restated	<u>47,899,536</u>
Ending net position	<u>\$ 47,623,579</u>

The accompanying notes are an integral part of this statement.

**HOUSING AUTHORITY OF THE CITY OF RENO  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Enterprise Housing Fund</u>
<u>Cash flows from operating activities:</u>	
Cash received from grants	\$ 43,435,521
Cash received from rents	5,675,636
Other cash receipts	635,592
Cash payments to employees for services	(3,464,306)
Cash payments to suppliers for goods and services	(6,912,314)
Cash payments to landlords	<u>(37,093,247)</u>
Net cash provided (used) in operating activities	<u>2,276,882</u>
 <u>Cash flows from capital and related financing activities:</u>	
Acquisition of capital assets	(1,810,788)
Principal paid on capital debt	(2,506,757)
Interest paid on capital debt	<u>(130,615)</u>
Net cash (used) by capital and related financing activities	<u>(4,448,160)</u>
 <u>Cash flows from investing activities:</u>	
Interest received	<u>36,813</u>
Net cash provided by investing activities	<u>36,813</u>
 Net increase (decrease) in cash	 (2,134,465)
Cash at beginning of year	<u>16,429,155</u>
Cash at end of year	<u>\$ 14,294,690</u>
 <u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>	
Operating income (loss)	\$ (123,225)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	2,255,517
Changes in assets and liabilities:	
Decrease in accounts receivable other governments	385,049
Decrease in tenants' accounts receivable	2,482
Decrease in other receivables	88,013
Increase in prepaid expenses	(7,321)
Decrease in accounts payable	(123,106)
Increase in amounts due other governments	17,665
Decrease in compensated absences	(30,295)
Increase in OPEB payable	157
Decrease in other liabilities	<u>(188,054)</u>
Net cash provided (used) in operating activities	<u>\$ 2,276,882</u>

The accompanying notes are an integral part of this statement.



**HOUSING AUTHORITY OF THE CITY OF RENO  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 1 - DEFINITION OF REPORTING ENTITY**

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.

**A. Definition of Reporting Entity**

The Housing Authority of the City of Reno, Nevada (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 and Transitional Housing Corporation are reported as if they were part of the Authority because their sole purpose is to work in conjunction with the Authority to assist with the provision of housing for low and moderate 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 and the Transitional Housing Corporation are included in the accompanying financial statements as blended component units of the Authority.

Effective July 1, 2014 the Authority began participating in HUD’s Moving to Work (MTW) Demonstration Program. The Moving to Work 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, 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.

At June 30, 2015 the Authority was administering the following programs which consisted of 7,232 units of low and moderate income housing:

	Number of Units
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	2,519
Total units administered under the Moving to Work Program	3,270

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 (continued)**

<u>Other Administered Programs:</u>	
Moderate Rehabilitation and Single Room Occupancy	27
Veterans Affairs Special Vouchers	255
Special Allocations	3,182
Business Activities	347
Neighborhood Stabilization Programs I and II	114
Economic Development Initiative – Special Projects	15
Dollar Home Sales	<u>22</u>
Total units administered under other programs	<u>3,962</u>
Total units administered at June 30, 2015	<u><u>7,232</u></u>

**B. 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).

**C. 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.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 (continued)**

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

**D. Assets, Liabilities, and Net Position**

*1. 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.

*2. 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.

*3. 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.

*4. Inventories and Prepaid Assets*

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

*5. Capital Assets*

Capital assets which include, land, buildings, improvements, and furniture and equipment, are reported at historical costs. Contributed capital assets are recorded at fair 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.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 (continued)**

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
Furniture and equipment	5 to 10 years

*6. Compensated Absences*

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

Regular full-time employees earn from 13 to 26 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 in addition. 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.

*7. 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.

*8. Encumbrances*

Encumbrance accounting is not employed by the Authority.

*9. Net Position*

Net position represents the differences between assets and liabilities. 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.

*10. 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 represents 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.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 (continued)**

**E. New GASB Pronouncements**

During fiscal year 2015 the Authority adopted the following GASB Statements:

Statement No. 68 - *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68.*

**F. 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.

**G. 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.

**H. 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, 2015**

**Note 2 - CASH AND INVESTMENTS**

**A. 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.

**B. 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, 2015 are as follows:

Cash and cash equivalents	\$ 4,792,811
Money Market Mutual Funds	1,016,879
Certificates of Deposit	<u>8,485,000</u>
Total cash and investments	<u>\$ 14,294,690</u>

The \$4,792,811 of cash and cash equivalents consists of \$4,791,286 maintained on deposit in banks and \$1,525 of petty cash. Of the amounts deposited into bank checking and savings, \$556,831 is covered by federal deposit insurance. The remaining \$4,234,455, as previously stated, is required by Nevada law to be collateralized by governmental securities with a market value of 110% of the deposit or with first trust deed mortgages with a value of 150% of the uninsured amount. Of the \$8,485,000 maintained in Certificates of deposit, \$193,169 is also covered by federal deposit insurance.

**HOUSING AUTHORITY OF THE CITY OF RENO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 2 (continued)**

The \$1,016,879 of money market mutual funds and treasury securities are carried at fair value.

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

**C. 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>\$ 1,016,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,016,879</u>

**D. 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, 2015 for each Authority investment type is provided by Standard and Poor's.

**E. 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.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 3 - CAPITAL ASSETS**

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2015:

	Balance 6/30/14	Additions	Adjustments/ Deletions	Balance 6/30/15
Land	\$ 9,639,295	\$ 266,900	\$ (352,215)	\$ 9,553,980
Buildings & improvements	75,232,481	2,737,718	(1,063,150)	76,907,049
Equipment	<u>857,453</u>	<u>66,906</u>	<u>(15,654)</u>	<u>908,705</u>
	<u>85,729,229</u>	<u>3,071,524</u>	<u>(1,431,019)</u>	<u>87,369,734</u>
Less accumulated Depreciation:				
Buildings & Improvements	(43,056,447)	(2,202,080)	121,849	(45,136,678)
Equipment	<u>(601,650)</u>	<u>(53,436)</u>	<u>(7,366)</u>	<u>(662,452)</u>
Total accumulated Depreciation	<u>(43,658,097)</u>	<u>(2,255,516)</u>	<u>114,483</u>	<u>(45,799,130)</u>
Capital assets, net	<u>\$ 42,071,132</u>	<u>\$ 816,008</u>	<u>\$ (1,316,536)</u>	<u>\$ 41,570,604</u>

**Note 4 - LONG-TERM DEBT**

The following is a summary of changes in long-term debt for the year ended June 30, 2015:

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
Revenue refunding bonds	\$ 3,196,000	\$ -	\$(1,797,000)	\$ 1,399,000
Notes Payable	1,247,858	162,893	(872,650)	538,101
Compensated absences	<u>362,912</u>	<u>-</u>	<u>(30,295)</u>	<u>332,617</u>
	<u>\$ 4,806,770</u>	<u>\$ 162,893</u>	<u>\$(2,699,945)</u>	<u>\$ 2,269,718</u>

Refunding bonds debt service requirements to maturity are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required Payments</u>
2016	\$ 207,500	\$ 69,251	\$ 276,751
2017	218,500	58,979	277,479
2018	229,500	48,164	277,664
2019	241,000	36,803	277,803
2020	253,500	24,874	278,374
2021-2025	<u>249,000</u>	<u>12,326</u>	<u>261,326</u>
	<u>\$ 1,399,000</u>	<u>\$ 250,397</u>	<u>\$ 1,649,397</u>



**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 4 (continued)**

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, 2026. The outstanding balance on the bonds at June 30, 2015 was \$1,399,000.

Notes payable debt service requirements to maturity are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required Payments</u>
2016	\$ 6,509	\$ 8,385	\$ 14,894
2017	6,703	8,191	14,894
2018	6,905	7,989	14,894
2019	7,112	7,782	14,894
2020	7,326	7,568	14,894
2021-2025	40,069	34,401	74,470
2026-2030	93,987	34,576	128,563
2031-2035	103,817	24,746	128,563
2036-2040	<u>265,673</u>	<u>5,435</u>	<u>271,108</u>
	<u>\$ 538,101</u>	<u>\$ 139,073</u>	<u>\$ 677,174</u>

Notes payable at June 30, 2015 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 is deferred on the note until September 1, 2016, Starting September 1, 2016 interest will accrue 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. The outstanding balance at June 30, 2016 was \$162,893.

Note payable to the City of Reno-Washoe County Home Consortium, due February 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 with required annual principal and interest payments of \$10,819 beginning February 1, 2016, with the first payment being applied only to interest. The balance outstanding on the loan at June 30, 2015 was \$150,000.

Note payable to the City of Reno-Washoe County Home Consortium, due February 1, 2039, secured by a junior deed of trust on real property located at 7900 Golden Valley Road, Reno, Nevada. Interest accrues on the note at 3.0% per annum with required annual principal and interest payments of \$13,265. The balance outstanding on the loan at June 30, 2015 was \$225,208.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 5 - 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 \$332,617 has been valued and recorded by the Authority as of June 30, 2015.

**Note 6 – PRIOR PERIOD ADJUSTMENT**

A prior period adjustment of \$5,645,433 was made to decrease the beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of the beginning net position is summarized as follows:

Net position at June 30, 2014, as previously stated	\$ 53,544,969
Net pension liability adjustment	(5,644,526)
Equity transfer adjustment	<u>(907)</u>
Net position at June 30, 2014, as restated	<u>\$ 47,899,536</u>

**Note 7 – OTHER POST EMPLOYMENT BENEFITS (OPEB)**

Plan Information:

Eligible retirees may receive coverage through the Public Employee Benefit Plan (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 Plan, 901 South Stewart Street, Suite 101, Carson City, NV 89701 or by calling (775)684-7000.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 7 (continued)**

Funding Policy and OPEB Cost:

The Authority is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEPP. The subsidy is paid on a pay-as-you-go basis and is set by the State legislature. In fiscal year 2015, this subsidy ranged from \$55 to \$636 per retiree, per month.

Annual OPEB cost for the plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed 30 years.

The Authority's OPEB cost, the amount contributed to the plan, and the net OPEB obligation for the current year were as follows:

Annual required contribution	\$ 47,009
Interest on net OPEB obligation	11,348
Adjustment of annual required contribution	<u>(14,057)</u>
Annual OPEB cost	44,300
Contributions made	<u>(44,143)</u>
Increase in the net OPEB	157
Net OPEB obligation (asset), beginning of year	<u>283,699</u>
Net OPEB obligation (asset), end of year	<u>\$ 283,856</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB plan and the net OPEB obligation for the fiscal years ended June 30, 2013, 2014, and 2015 were as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation (Asset)
June 30, 2013	\$ 88,284	\$ 57,335	65.17%	\$ 235,156
June 30, 2014	\$ 90,473	\$ 41,930	46.34%	\$ 283,699
June 30, 2015	\$ 44,300	\$ 44,143	99.60%	\$ 283,856

**HOUSING AUTHORITY OF THE CITY OF RENO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 7 (continued)**

**Funded Status and Funding Progress:**

The funded status of the plan as of June 30, 2015, developed from a roll forward of the results of the June 30, 2015 valuation, is as follows:

	<u>June 30, 2015</u>
Actuarial accrued liability (AAL)	\$ 681,234
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 681,234</u>
Funded ratio (actuarial value of plan Assets/AAL)	0.0%
Covered payroll	N/A*
UAAL as percentage of covered payroll	N/A*

\*The Public Employee Benefit Plan is a closed plan, and therefore, there are no current covered employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events in the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the valuation date and the pattern of sharing benefit costs between the Authority and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ the methods and assumptions that are designed to reduce short-term volatility accrued liabilities and the actuarial value of assets.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 7 (continued)**

Significant actuarial methods and assumptions as of the most recent actuarial valuation date were as follows:

Summary of Actuarial Methods and Assumptions		
	Public Employee Benefit Program	Authority Plan
Actuarial Valuation Date	June 30, 2015	June 30, 2015
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level Dollar, Closed	Level Percent of Projected Payroll, Open
Amortization period	27 years	30 years
Asset valuation method	No assets in trust	No assets in trust
Actuarial assumptions		
Average retiree age	66.7	63.0
Investment rate of return	4%	4%
Projected salary increases	N/A	4%
Inflation rate	2.75%	2.75%
Number of retirees	12	1
Healthcare trend		
Pre-Medicare retirees	7.5% increase in 2016, declining by .5% per year to ultimate 5.0% per year trend in 2021	7.5% increase in 2016, declining by .5% per year to ultimate 5.0% per year trend in 2021
Medicare retirees	Exchange subsidy increases by 4.5% per year	Same % increases as for pre- Medicare retirees

**HOUSING AUTHORITY OF THE CITY OF RENO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015**

**Note 8 – EMPLOYEES RETIREMENT PLAN**

***A. General Information about the Pension Plan***

***Plan Descriptions*** – Public Employee Retirement System of Nevada (PERS) administers a cost-sharing, defined benefit public 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](http://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.

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.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 8 (continued)**

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous Plans</u>	
	Prior to <u>January 1, 2010</u>	On or After <u>January 1, 2010</u>
Hire Date		
Benefit Formula	2.67% @ 65	2.5% at 65
Benefit Vesting Formula	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	65	65
Monthly benefits, as a % of eligible compensation	2.5% to 2.67%	2.5%
Required employee contribution rates	21.50%	21.50%-25.75%

**Contributions** – The Authority for establishing and amending the obligation to make contribution and member contribution rates, is set by statute. 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.

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 year ended June 30, 2014 and June 30, 2015 the Regular Employer-pay contribution (EPC) rate was 25.75%

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 8 (continued)**

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions – employer \$ 769,825

***B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

The following table shows the Plan’s proportionate share of the regular risk pool collective net pension liability over the measurement period ended June 30, 2014:

	<b>Proportionate Share of Pension Liability</b>	
Net Pension Liability – Balance at June 30, 2013	\$ 6,379,329	
Net Pension Liability – Balance at June 30, 2014	5,055,977	.04851%
Total Net Change	\$(1,323,352)	

The net pension liability (NPL) was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPL \$5,055,977 is measured as a proportionate share of the net pension liability of \$10,421,979,023 (or .04851%).

The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer’s proportion of the net pension liability 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, 2014.

**Pension expense** – As of June 30, 2015, the Authority recognized pension income of \$99,673.

**Deferred inflows/outflows** - At June 30, 2014, 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	\$ 769,825	\$ 0
Differences between actual and expected experience	0	(241,943)
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	0	(1,061,904)
Adjustment due to differences in proportions	33,363	(33,363)
Total	\$ 803,188	\$(1,337,210)



**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 8 (continued)**

\$769,825 reported as deferred outflows of resources 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, 2016 (measurement period ended June 30, 2015). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2016	461,903
2017	(307,922)
2018	(307,922)
2019	(307,922)
2020	(42,446)
Thereafter	(29,713)

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability** – The System’s net pension liability was measured as of June 30, 2014, 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	8.00%
Inflation Rate	3.50%
Payroll Growth	5.00%, including inflation
Productivity Pay Increases	0.75%
Projected Salary Increases	4.60% to 9.75%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other Assumptions	Same as those used in the June 30, 2014 Funding actuarial valuation

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013.

**Discount Rate** – The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan’s fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. 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, 2014 and June 30, 2013.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 8 (continued)**

The following was the Board adopted policy target asset allocation as of June 30, 2014:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42.0%	5.50%
International Equity	18.0%	5.75%
Domestic Fixed Income	30.0%	.25%
Private Markets	10.0%	6.80%
 Total	 <u>100.0%</u>	

\*As of June 30, 2014 PERS' Long-term inflation assumption was 3.5%

***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/ (asset), calculated using the discount rate of 8.00 percent, 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 (7.00%) or 1-percentage point higher (9.00%) than the current rate:

	<u>Discount Rate – 1%</u> <u>(7.00%)</u>	<u>Current Discount</u> <u>Rate</u> <u>(8.00%)</u>	<u>Discount Rate +1%</u> <u>(9.00%)</u>
Plan's Pension Liability	\$ 7,862,169	\$ 5,055,702	\$ 2,722,813

***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.

***E. Payable to the Pension Plan***

At June 30, 2015, the Authority reported a payable of \$59,839 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 9 - 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. At December 31, 2014 there were 87 members. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

Condensed audited financial information for the year ended December 31, 2014 is as follows:

Total assets	\$ 29,370,151
Total liabilities	<u>(8,843,451)</u>
 Total Net Assets	 <u>\$ 20,526,700</u>
 Total revenues	 \$ 9,618,533
Total expenses	<u>(9,025,225)</u>
 Net increase (decrease) in net assets	 <u>\$ 593,308</u>

HARRP had \$3,764,659 in long-term losses outstanding at December 31, 2014. The Authority's share of year end assets, liabilities, or retained earnings has not been calculated.

**Note 10 - 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.

**Note 11 – SUBSEQUENT EVENTS**

Management evaluated all activity of the Authority through December 15, 2015, 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.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Other than the MD&A)**

**HOUSING AUTHORITY OF THE CITY OF RENO  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

**Schedule of Funding Progress for OPEB**

Actuarial Valuation Date	(A) Actuarial Value of Plan Assets	(B) Actuarial Accrued Liability (AAL)	(C) Funded Ratio	(D) Unfunded Actuarial Accrued Liability (UAAL) (B) - (A)	(E) Annual Covered Payroll	(F) UAAL as a Percentage of Covered Payroll (D) / (E)
June 30, 2013	-	\$1,316,944	0.00%	\$1,316,914	N/A	N/A
June 30, 2014	-	\$1,333,542	0.00%	\$1,333,542	N/A	N/A
June 30, 2015	-	\$ 681,234	0.00%	\$ 681,234	N/A	N/A

**Schedule of the Authority's Proportionate Share of the Net Pension Liability**

	<u>6/30/14 (1)</u>
Plans' Proportion of the Net Pension Liability/(Asset)	0.04851%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 5,055,977
Plan's Covered-Employee Payroll	\$ 2,853,604
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	177.18%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.31% (3)
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,628,727 (5)

**Schedule of the Authority's Pension Plan Contributions**

	<u>6/30/14</u>
Actuarially Determined Contribution	\$ 734,803 (2)/(4)
Contributions in Relation to the Actuarially Determined Contribution	<u>(734,803) (2)/(4)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>
Covered-Employee Payroll	\$ 2,853,604
Contributions as a Percentage of Covered-Employee Payroll	25.75%

**Notes to Schedules:**

- 1-Historical information is required only for measurement periods for which GASB 68 is applicable.
- 2-Employers are assumed to make contributions equal to the actuarially determined contributions.
- 3-Derived from CAFR p.98. Fiduciary Net Position/Total Pension Liability \$33,575,081,157/\$43,997,060,157.
- 4-Used 25.75% contribution rate and divided into contributions of \$734,803.
- 5-Multiplied .04851% times \$33,575,081,157.

**OTHER SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE CITY OF RENO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Housing and <u>Urban Development (HUD)</u>		
Direct Programs:		
Section 8 Project Based Cluster:		
Section 8 Housing Assistance Payments Program	14.195	\$ 22,229,832
Section 8 Rental Moderate Rehabilitation Program – SRO	14.249	115,924
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	32,677
Neighborhood Stabilization Program	14.256	551,239
Resident Opportunities Supportive Services	14.870	100,150
Moving to Work Demonstration Program	14.881	<u>19,941,564</u>
Total direct funding		<u>42,971,386</u>
Total Federal expenditures, all U.S. Department of Housing and Urban Development		<u>\$ 42,971,386</u>

See Notes to the Schedule of Expenditures of Federal Awards.

**HOUSING AUTHORITY OF THE CITY OF RENO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2015**

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Housing Authority of the City of Reno. The Housing Authority of the City of Reno's reporting entity is defined in Note 1 to the financial statements.
2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Housing Authority of the City of Reno under programs awarded by the federal government for the year ended June 30, 2015. The information on this schedule is presented in accordance with the requirements of the office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Housing Authority of the City of Reno, it is not intended to and does not present the financial position, changes in net position, or cash flows of the entire operations of the Housing Authority of the City of Reno.
3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same basis of accounting as was used in the preparation of the Authority's basic financial statements.
4. Amounts reported in the Schedule agree or can be reconciled with the amounts reported in the Authority's basic financial statements.



CITY OF RENO HOUSING AUTHORITY (NV001)  
RENO, NV

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2015

	14 870 Resident Opportunity and Supportive Services	14 249 Section 8 Moderate Rehabilitation Single Room Occupancy	14 861 Moving to Work Demonstration Program	14 238 Shelter Plus Care	14 239 HOME Investment Partnerships Program	1 Business Activities	14 OPS MTW Demonstration Program for Low Rent	14 CFP MTW Demonstration Program for Capital Fund	14 256 Neighborhood Stabilization Program (Recovery Act Funded)	14 195 Section 8 Housing Assistance Program Special Allocations	14 HCV MTW Demonstration Program for HCV program	14 313 Dollar Home Sales
111 Cash - Unrestricted	\$1,201,152	\$6,887	\$559,842		\$38,365	\$702,709			\$805,739	\$509,770		\$359,009
112 Cash - Restricted - Modernization and Development												
113 Cash - Other Restricted	\$45,730		\$100,160		\$6,394	\$115,276			\$92,780			\$4,750
114 Cash - Tenant Security Deposits	\$213,569											
115 Cash - Restricted for Payment of Current Liabilities	\$1,460,481	\$5,887	\$660,002	\$0	\$44,759	\$817,985	\$0	\$0	\$898,519	\$509,770	\$0	\$363,759
100 Total Cash												
121 Accounts Receivable - PHA Projects			\$5,928									
122 Accounts Receivable - HUD Other Projects	\$12,220											
124 Accounts Receivable - Other Government												
125 Accounts Receivable - Miscellaneous				\$1,425		\$875				\$59,632		
126 Accounts Receivable - Tenants	\$11,327				\$6,447	\$5,053						
126.1 Allowance for Doubtful Accounts - Tenants	-\$13,437				-\$4,984	\$827			\$448			\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0		\$0			\$0	\$0		\$0
127 Notes, Loans & Mortgages Receivable - Current									\$72,000			
128 Fraud Recovery						\$6,791						
128.1 Allowance for Doubtful Accounts - Fraud												
129 Accrued Interest Receivable	\$1,487		\$430			\$2,786			\$1,162	\$1,054		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$11,597	\$0	\$9,358	\$1,425	\$1,463	\$16,332	\$0	\$0	\$73,002	\$60,686	\$0	\$0
131 Investments - Unrestricted	\$1,279,832		\$647,720			\$3,884,354			\$2,122,201	\$1,200,871		
132 Investments - Restricted												
135 Investments - Restricted for Payment of Current Liability												
142 Prepaid Expenses and Other Assets	\$0		\$0							\$12,589		
143 Inventories	\$82,000					\$3,100						
143.1 Allowance for Obsolete Inventories	-\$10,000					\$0						
144 Inter Program Due From	\$357,919	\$6,691		\$2,640	\$437,082					\$294,214		
145 Assets Held for Sale												
150 Total Current Assets	\$3,181,829	\$9,887	\$1,317,080	\$4,065	\$483,304	\$4,721,771	\$0	\$0	\$5,093,722	\$2,078,130	\$0	\$363,759
161 Land	\$2,273,745				\$143,190	\$3,883,435			\$2,931,210			\$322,400
162 Buildings	\$45,195,169				\$1,323,513	\$14,420,380			\$13,111,326			\$1,798,837
163 Furniture, Equipment & Machinery - Dwellings	\$448,562					\$118,676			\$38,618			
164 Furniture, Equipment & Machinery - Administration			\$41,654							\$62,761		
165 Leasehold Improvements												
166 Accumulated Depreciation	\$37,062,429		-\$26,081		-\$159,719	-\$5,930,811			-\$1,345,789			-\$146,101
167 Construction in Progress	\$132,760											





CITY OF RENO HOUSING AUTHORITY  
RENO, NV

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$13,173	\$4,198,646		\$4,198,646
112 Cash - Restricted - Modernization and Development	\$0				
113 Cash - Other Restricted	\$0	\$15,476	\$161,366		\$161,366
114 Cash - Tenant Security Deposits	\$0		\$432,799		\$432,799
115 Cash - Restricted for Payment of Current Liabilities	\$0				
100 Total Cash	\$0	\$28,649	\$4,792,811		\$4,792,811
121 Accounts Receivable - PHA Projects	\$0		\$8,928		\$8,928
122 Accounts Receivable - HUD Other Projects	\$418		\$72,270		\$72,270
124 Accounts Receivable - Other Government	\$0		\$875		\$875
125 Accounts Receivable - Miscellaneous	\$0		\$6,478		\$6,478
126 Accounts Receivable - Tenants	\$0		\$19,049		\$19,049
126.1 Allowance for Doubtful Accounts - Tenants	\$0		-\$19,049		-\$19,049
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0
127 Notes, Loans & Mortgages Receivable - Current	\$0		\$78,791		\$78,791
128 Fraud Recovery	\$0				
128.1 Allowance for Doubtful Accounts - Fraud	\$0				
129 Accrued Interest Receivable	\$0	\$1,517	\$8,466		\$8,466
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$418	\$1,517	\$175,798		\$175,798
131 Investments - Unrestricted	\$0	\$366,901	\$9,501,879		\$9,501,879
132 Investments - Restricted	\$0				
135 Investments - Restricted for Payment of Current Liability	\$0				
142 Prepaid Expenses and Other Assets	\$0	\$8,814	\$21,403		\$21,403
143 Inventories	\$0		\$85,100		\$85,100
143.1 Allowance for Obsolete Inventories	\$0		-\$10,000		-\$10,000
144 Inter Program Due From	\$0	\$3,602	\$1,102,048		\$1,102,048
145 Assets Held for Sale	\$0				
150 Total Current Assets	\$418	\$409,483	\$15,669,039		\$15,669,039
161 Land	\$0		\$9,553,990		\$9,553,990
162 Buildings	\$0	\$925,064	\$76,774,289		\$76,774,289
163 Furniture, Equipment & Machinery - Dwellings	\$0	\$198,434	\$804,290		\$804,290
164 Furniture, Equipment & Machinery - Administration	\$0		\$104,415		\$104,415
165 Leasehold Improvements	\$0				
166 Accumulated Depreciation	\$0	-\$1,046,384	-\$45,799,130		-\$45,799,130
167 Construction in Progress	\$0		\$132,760		\$132,760





508.4 Net Investment in Capital Assets	\$0	\$77,114	\$39,633,503	\$39,633,503
511.4 Restricted Net Position	\$0		\$1,117,471	\$1,117,471
512.4 Unrestricted Net Position	\$0	-\$5,610,971	\$6,872,604	\$6,872,604
513 Total Equity - Net Assets / Position	\$0	-\$5,533,857	\$47,623,578	\$47,623,578
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$418	\$1,301,899	\$58,909,945	\$58,909,945

CITY OF RENO HOUSING AUTHORITY (NV001)  
RENO, NV

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2015

	14.870 Resident Opportunity and Supportive Services	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.881 Moving to Work Demonstration Program	14.238 Shelter Plus Care	14.239 HOME Investment Partnerships Program	1 Business Activities	14.0FS MTW Demonstration Program for Low Rent	14 CFP MTW Demonstration Program for Capital Fund	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	14.198 Section 8 Housing Assistance Payments Program_Special Allocations	14 HCV MTW Demonstration Program for HCV program	14.313 Dollar Home Sales
70300 Net Tenant Rental Revenue	\$2,129,230				\$79,504	\$2,277,108			\$1,060,009			\$127,243
70400 Tenant Revenue - Other	\$88,444				\$79,504	\$2,306,053	\$0	\$0	\$1,060,009	\$0	\$0	\$127,243
70500 Total Tenant Revenue	\$2,217,734	\$0	\$0	\$0	\$79,504	\$2,306,053	\$0	\$0	\$1,060,009	\$0	\$0	\$127,243
70600 HUD PHA Operating Grants	\$0	\$100,150	\$115,924				\$1,593,776	\$819,237	\$551,239	\$22,229,832	\$17,528,551	
70610 Capital Grants												
70710 Management Fee												
70720 Asset Management Fee												
70730 Book Keeping Fee												
70740 Front Line Service Fee												
70750 Other Fees												
70700 Total Fee Revenue												
70800 Other Government Grants												
71100 Investment Income - Unrestricted	\$6,867		\$520			\$21,931			\$5,631	\$5,707		
71200 Mortgage Interest Income												
71300 Proceeds from Disposition of Assets Held for Sale												
71310 Cost of Sale of Assets												
71400 Fraud Recovery												
71500 Other Revenue			\$152,925	\$2,265		\$271,141			\$5,559			
71600 Gain or Loss on Sale of Capital Assets			\$795,835		-\$50,141	\$7,863			-\$138,691			\$10,886
72000 Investment Income - Restricted	\$629											
70000 Total Revenue	\$2,225,230	\$100,150	\$153,445	\$2,265	\$29,363	\$2,605,788	\$1,593,776	\$819,237	\$1,483,747	\$22,295,539	\$17,528,551	\$138,129
91100 Administrative Salaries	\$261,354	\$13,638	\$795,835	\$363		\$40,852			\$128,553	\$194,576		
91200 Auditing Fees	\$7,520		\$3,063			\$1,114			\$3,254	\$3,899		
91300 Management Fee	\$617,691				\$7,442	\$25,697			\$97,532	\$286,380		\$14,761
91310 Book-keeping Fee	\$65,250		\$216,191		\$900	\$30,930			\$11,595			\$1,785
91400 Advertising and Marketing	\$4,904		\$3,464			\$3,707			\$945	\$319		
91500 Employees Benefit contributions - Administrative	\$154,040	\$5,217	\$397,650	\$177		\$4,312			\$59,292	\$48,915		
91600 Office Expenses	\$152,437		\$228,280		\$109	\$306,307			\$63,241	\$52,824		\$31,818
91700 Legal Expense	\$159		\$3,181			\$4,257			\$5,378	\$340		\$930
91800 Travel	\$6,290		\$3,077		\$37	\$1,315			\$4,197	\$10,923		\$513
91810 Allocated Overhead												
91900 Other	\$760,467					\$118,050			\$67,000			
91000 Total Operating - Administrative	\$2,030,112	\$0	\$20,055	\$570	\$8,488	\$535,541	\$0	\$0	\$440,987	\$598,576	\$0	\$49,907









CITY OF RENO HOUSING  
 RENO, NV  
 Entity Wide Revenue and Expense  
 Summary

Submission Type: Audited/A-133

	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$0	\$61,750	\$5,734,904	-\$61,750	\$5,673,154
70400 Tenant Revenue - Other	\$0		\$116,389		\$116,389
70500 Total Tenant Revenue	\$0	\$61,750	\$5,851,293	-\$61,750	\$5,789,543
70600 HUD PHA Operating Grants	\$32,677		\$42,971,386		\$42,971,386
70610 Capital Grants	\$0	\$79,066	\$79,066		\$79,066
70710 Management Fee	\$0	\$1,049,503	\$1,049,503	-\$1,049,503	\$0
70720 Asset Management Fee	\$0	\$81,768	\$81,768	-\$81,768	\$0
70730 Book Keeping Fee	\$0	\$326,651	\$326,651	-\$326,651	\$0
70740 Front Line Service Fee	\$0				
70750 Other Fees	\$0				
70700 Total Fee Revenue	\$0	\$1,457,942	\$1,457,942	-\$1,457,942	\$0
70800 Other Government Grants	\$0				
71100 Investment Income - Unrestricted	\$0	\$3,984	\$44,640		\$44,640
71200 Mortgage Interest Income	\$0				
71300 Proceeds from Disposition of Assets Held for Sale	\$0				
71310 Cost of Sale of Assets	\$0				
71400 Fraud Recovery	\$0				
71500 Other Revenue	\$0	\$227	\$432,117		\$432,117
71600 Gain or Loss on Sale of Capital Assets	\$0		-\$170,283		-\$170,283
72000 Investment Income - Restituted	\$0		\$629		\$629
70000 Total Revenue	\$32,677	\$1,602,989	\$50,666,810	-\$1,519,692	\$49,147,118
91100 Administrative Salaries	\$3,144	\$912,014	\$2,350,959		\$2,350,959
91200 Auditing Fees	\$0		\$18,850		\$18,850
91300 Management Fee	\$0		\$1,049,503	-\$1,049,503	\$0
91310 Book-keeping Fee	\$0		\$326,651	-\$326,651	\$0
91400 Advertising and Marketing	\$0	\$10,853	\$24,192		\$24,192
91500 Employee Benefit contributions - Administrative	\$1,413	\$376,002	\$1,048,018		\$1,048,018
91600 Office Expense	\$0	\$191,478	\$1,026,494		\$1,026,494
91700 Legal Expense	\$0	\$80,523	\$94,768		\$94,768
91800 Travel	\$0	\$53,162	\$79,614		\$79,614
91810 Allocated Overhead	\$0				
91900 Other	\$0	\$17,069	\$962,526	-\$61,750	\$900,776
91000 Total Operating - Administrative	\$4,557	\$1,641,041	\$6,981,575	-\$1,437,904	\$5,543,671

92000	Asset Management Fee	\$0	\$81,788	-\$81,788	\$0
92100	Tenant Services - Salaries	\$0	\$245,004		\$245,004
92200	Relocation Costs	\$0			
92300	Employee Benefit Contributions - Tenant Services	\$0	\$87,519		\$87,519
92400	Tenant Services - Other	\$0	\$122,544		\$122,544
92500	Total Tenant Services	\$0	\$455,067	\$0	\$455,067
93100	Water	\$0	\$224,834		\$224,834
93200	Electricity	\$0	\$118,882		\$118,882
93300	Gas	\$0	\$88,890		\$88,890
93400	Fuel	\$0			
93500	Labor	\$0			
93600	Sewer	\$0	\$473,933		\$473,933
93700	Employee Benefit Contributions - Utilities	\$0			
93800	Other Utilities Expense	\$0	\$8,384		\$8,384
93900	Total Utilities	\$0	\$914,923	\$0	\$914,923
94100	Ordinary Maintenance and Operations - Labor	\$0	\$852,817		\$852,817
94200	Ordinary Maintenance and Operations - Materials and Other	\$0	\$467,112		\$467,112
94300	Ordinary Maintenance and Operations Contracts	\$0	\$889,868		\$889,868
94500	Employee Benefit Contributions - Ordinary Maintenance	\$0	\$381,948		\$381,948
94600	Total Maintenance	\$0	\$2,591,745	\$0	\$2,591,745
95100	Protective Services - Labor	\$0			
95200	Protective Services - Other Contract Costs	\$0			
95300	Protective Services - Other	\$0			
95400	Employee Benefit Contributions - Protective Services	\$0			
95500	Total Protective Services	\$0	\$0	\$0	\$0
96110	Property Insurance	\$0	\$84,074		\$84,074
96120	Liability Insurance	\$0	\$8,555		\$8,555
96130	Workmen's Compensation	\$0	\$56,017		\$56,017
96140	All Other Insurance	\$0	\$31,357		\$31,357
96100	Total Insurance Premiums	\$0	\$179,003	\$0	\$179,003
96200	Other General Expenses	\$0	\$4,345		\$4,345
96210	Compensated Absences	\$0	\$22,992		\$22,992
96300	Payments in Lieu of Taxes	\$0	\$149,314		\$149,314
96400	Bad debt - Tenant Rents	\$0	\$67,836		\$67,836
96500	Bad debt - Mortgages	\$0			
96500	Bad debt - Other	\$0			
96600	Severance Expense	\$0			
96900	Total Other General Expenses	\$0	\$244,487	\$0	\$244,487
96710	Interest of Mortgage (or Bonds) Payable	\$0	\$118,602		\$118,602
96720	Interest on Notes Payable (Short and Long Term)	\$0	\$9,049		\$9,049

96730	Amortization of Bond Issue Costs	\$0							
96700	Total Interest Expense and Amortization Cost	\$0	\$0	\$127,651	\$0	\$0	\$127,651		
96900	Total Operating Expenses	\$4,557	\$1,952,300	\$11,576,239	\$1,519,682	\$10,056,547			
97000	Excess of Operating Revenue over Operating Expenses	\$28,120	-\$349,311	\$39,090,571	\$0	\$39,090,571			
97100	Extraordinary Maintenance	\$0							
97200	Casualty Losses - Non-capitalized	\$0							
97300	Housing Assistance Payments	\$28,120		\$36,958,205		\$36,958,205			
97350	HAP Portability-In	\$0		\$152,807		\$152,807			
97400	Depreciation Expense	\$0	\$16,921	\$2,255,517		\$2,255,517			
97500	Fraud Losses	\$0							
97600	Capital Outlays - Governmental Funds	\$0							
97700	Debt Principal Payment - Governmental Funds	\$0							
97800	Dwelling Units Rent Expense	\$0							
90000	Total Expenses	\$32,677	\$1,969,221	\$50,942,768	\$1,519,682	\$49,423,076			
10010	Operating Transfer In	\$0		\$24,481,592		\$24,481,592			
10020	Operating transfer Out	\$0		-\$24,481,592		-\$24,481,592			
10030	Operating Transfers from/to Primary Government	\$0							
10040	Operating Transfers from/to Component Unit	\$0							
10050	Proceeds from Notes, Loans and Bonds	\$0							
10060	Proceeds from Property Sales	\$0							
10070	Extraordinary Items, Net Gain/Loss	\$0							
10080	Special Items (Net Gain/Loss)	\$0							
10091	Inter Project Excess Cash Transfer In	\$0							
10092	Inter Project Excess Cash Transfer Out	\$0							
10093	Transfers between Program and Project - In	\$0							
10094	Transfers between Project and Program - Out	\$0							
10100	Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0			
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$0	-\$366,232	-\$275,955	\$0	-\$275,955			
11020	Required Annual Debt Principal Payments	\$0	\$0	\$213,298		\$213,298			
11030	Beginning Equity	\$0	\$476,901	\$53,544,969		\$53,544,969			
11040	Prior Period Adjustments: Equity Transfers and Correction of Errors	\$0	\$5,644,526	-\$5,645,433		-\$5,645,433			
11050	Changes in Compensated Absence Balance	\$0							
11060	Changes in Contingent Liability Balance	\$0							
11070	Changes in Unrecognized Pension Transition Liability	\$0							
11080	Changes in Special Term/Severance Benefits Liability	\$0							
11090	Changes in Allowance for Doubtful Accounts - Dwelling Rents	\$0							
11100	Changes in Allowance for Doubtful Accounts - Other	\$0							
11170	Administrative Fee Equity	\$0							

11180 Housing Assistance Payments Equity	\$0						
11190 Unit Months Available	60	86784					86784
11210 Number of Unit Months Leased	60	82193					82193
11270 Excess Cash	\$0	\$1,963,655					\$1,963,655
11610 Land Purchases	\$0	\$0					\$0
11620 Building Purchases	\$0	\$0					\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0					\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0					\$0
11650 Leasehold Improvements Purchases	\$0	\$0					\$0
11660 Infrastructure Purchases	\$0	\$0					\$0
13510 CFFP Debt Service Payments	\$0	\$0					\$0
13901 Replacement Housing Factor Funds	\$0	\$0					\$0

**HOUSING AUTHORITY OF THE CITY OF RENO  
SCHEDULE OF COMPLETED CAPITAL FUND PROJECTS  
JUNE 30, 2015**

**Capital Fund Project No. NV39-P001-50110**

Grant funds approved	\$ 1,076,910
Grant funds received from HUD	<u>1,076,910</u>
Grant funds available	<u>\$ -</u>
Grant funds expended	\$ 1,076,910
Grant funds received from HUD	<u>1,076,910</u>
Unexpended grant funds	<u>\$ -</u>

**Capital Fund Project No. NV NV39-P001-50111**

Grant funds approved	\$ 922,717
Grant funds received from HUD	<u>922,717</u>
Grant funds available	<u>\$ -</u>
Grant funds expended	\$ 922,717
Grant funds received from HUD	<u>922,717</u>
Unexpended grant funds	<u>\$ -</u>

**Capital Fund Project No. NV39-P001-50112**

Grant funds approved	\$ 818,696
Grant funds received from HUD	<u>818,696</u>
Grant funds available	<u>\$ -</u>
Grant funds expended	\$ 818,696
Grant funds received from HUD	<u>818,696</u>
Unexpended grant funds	<u>\$ -</u>



**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

To the 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, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Reno, Nevada, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 15, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Reno, Nevada'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 Housing Authority of the City of Reno, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Reno, Nevada'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 and not have been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Reno, Nevada's financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Chopper Law, LLP*

Walnut Creek, California  
December 15, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY  
OMB CIRCULAR A-133**

Independent Auditors' Report

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

**Report on Compliance for Each Major Program**

We have audited the Housing Authority of the City of Reno, Nevada's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Reno, Nevada's major federal programs for the year ended June 30, 2015. The Housing Authority of the City of Reno, Nevada's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Reno, Nevada's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Housing Authority of the City of Reno, Nevada'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 Housing Authority of the City of Reno, Nevada's compliance.



## **Opinion on Each Major Federal Program**

In our opinion, the Housing Authority of the City of Reno, Nevada complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## **Report on Internal Control Over Compliance**

Management of the Housing Authority of the City of Reno, Nevada is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Reno, Nevada's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 OMB circular A-133, 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 Housing Authority of the City of Reno, Nevada's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Reno as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Reno's basic financial statements. We issued our report thereon dated December 15, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Cropper Rowe, LLP*

Walnut Creek, California  
December 15, 2015

**HOUSING AUTHORITY OF THE CITY OF RENO  
STATUS OF PRIOR AUDIT FINDINGS  
JUNE 30, 2015**

There were no noted audit findings for fiscal year 2014.

**HOUSING AUTHORITY OF THE CITY OF RENO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015**

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Reportable conditions identified not considered material weaknesses?	no
Noncompliance material to financial statements?	no

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	no
Reportable conditions identified not considered material weaknesses?	no
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with A-133, Section .510(a)?	no
Identification of major programs:	
Section 8 Project Based Cluster:	
Section 8 Housing Assistance Payments Program	14.195
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856
Dollar threshold to distinguish between Type A and Type B programs	\$ 1,289,142
Auditee qualified as low risk auditee?	yes
<b>Section II - Financial Statement Findings</b>	<b>no</b>
<b>Section III - Federal Award Findings</b>	<b>no</b>