

**HOUSING AUTHORITY OF
THE CITY OF RENO**

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

**HOUSING AUTHORITY OF THE CITY OF RENO
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YEAR ENDED JUNE 30, 2018**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Reno, Nevada, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During fiscal year ended June 30, 2018, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. As a result of the implementation of this Statement, the Authority reported a restatement for the change in accounting principle (see Note 1). Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, a correction of an error was made to restate beginning net position related to capital assets not capitalized or depreciated in prior years. Our opinion is not modified with respect to this matter.

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 10, the Schedule of the Authority's Proportionate Share of the Net Pension Liability on page 36, the Schedule of the Authority's Pension Plan Contribution on page 37, the Schedule of the Authority's Proportionate Share of the Net OPEB Liability on page 38 and the Schedule of Authority's OPEB contributions on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying Financial Data Schedule is required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 28, 2019

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018.

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

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year resulting in a net position of \$50,750,254 at June 30, 2018.
- The total net position of the Authority increased from \$48,901,315 at June 30, 2017 to \$50,750,254 at June 30, 2018. The total unrestricted net position at June 30, 2018 is \$11,112,639. This amount may be used to meet the Authority's ongoing obligations.
- Total assets and deferred outflow of resources increased from \$59,758,201 at June 30, 2017 to \$61,626,425 at June 30, 2018, an increase of \$1,868,224.
- Net capital assets decreased from \$41,728,476 at June 30, 2017 to \$40,898,530 at June 30, 2018. This decrease of \$829,946 was the result of the prior period restatement, net additions and sales of capital assets less depreciation expense for fiscal year 2018 (See Note 3).
- Total liabilities and deferred inflows of resources increased from \$10,856,886 at June 30, 2017 to \$10,876,171 at June 30, 2018, an increase of \$19,285.
- Revenues for fiscal year 2018 from all programs totaling \$51,951,677 consisted of federal grants and subsidies of \$42,776,475, and rental, interest, and other income of \$9,175,202. This represents an increase of \$4,801,018 of the total revenues of \$47,150,659 from fiscal year 2017.
- Total expenses for all programs for fiscal year 2018 were \$49,739,079. This represents an increase in expenses of \$1,627,145 from the total fiscal year 2017 expenses of \$48,111,934.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

The Authority's Programs

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

Programs other than the MTW Program administered by the Authority during fiscal year 2018 include the following:

Section 8 Housing Assistance Payments Program – Under the Section 8 Housing Assistance Payments Program the Authority is the Contract Administrator for the state of Nevada charged with carrying out 16 incentive Based Performance Standards for HUD. Typical standards include approving tenant payments, processing rental adjustments, life threatening and nonlife threatening health and safety issues, and conducting Management and Occupancy Reviews. Approximately 37 projects and 3,174 units are covered by this contract. The contract started October 1, 2000 with an initial two-year period and three one-year renewal options. Since then the Authority has been awarded several renewals, the most recent of which expires December 31, 2017.

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

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

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

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

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

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

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Notes to the Financial Statements

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

Required Supplementary Information

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

Net Position

A summary of the Authority's statements of net position is presented in Table 1. As can be seen from Table 1, the net position increased \$1,848,934 to \$50,750,254 in fiscal year 2018, up from \$48,901,315 in fiscal year 2017.

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

	2018	As Restated 2017	Dollar Change	Total % Change
Assets and Deferred Outflows:				
Current Assets	\$ 18,757,068	\$ 15,777,167	\$ 2,979,901	18.9%
Notes Receivable	387,000	537,000	(150,000)	-27.9%
Capital Assets	40,898,530	41,728,476	(829,946)	-2.0%
Deferred Outflows	1,583,827	1,715,558	(131,731)	-7.7%
Total Assets and Deferred Outflows	<u>61,626,425</u>	<u>59,758,201</u>	<u>1,868,224</u>	3.1%
Liabilities and Deferred Inflows:				
Current Liabilities	1,468,355	1,551,657	(83,302)	-5.4%
Noncurrent Liabilities	8,825,526	8,735,279	90,247	1.0%
Deferred Inflows	582,290	569,950	12,340	2.2%
Total Liabilities and Deferred Inflows	<u>10,876,171</u>	<u>10,856,886</u>	<u>19,285</u>	0.2%
Net Position:				
Net Investment in Capital Assets	39,637,615	40,231,298	(593,683)	-1.5%
Unrestricted Net Position	11,112,639	8,670,017	2,442,622	28.2%
Total Net Position	<u>\$ 50,750,254</u>	<u>\$ 48,901,315</u>	<u>\$ 1,848,939</u>	3.8%

For more detailed information concerning the statement of net position for fiscal year 2018 see the statement of net position on page 11 of this report.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Net Position (Continued)

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

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

	2018	2017	Dollar Change	Total % Change
Revenues:				
Grants	\$ 42,776,475	\$ 40,111,636	\$ 2,664,839	6.6%
Rental Income	6,573,881	6,239,246	334,635	5.4%
Interest Income	131,526	64,039	67,487	105.4%
Other Income	2,469,795	735,738	1,734,057	235.7%
Total Revenues	<u>51,951,677</u>	<u>47,150,659</u>	<u>4,801,018</u>	10.2%
Expenses:				
Administrative	5,119,243	4,441,409	677,834	15.3%
Utilities	863,289	862,446	843	0.1%
Maintenance	2,715,444	2,461,032	254,412	10.3%
Tenant Services	333,657	448,988	(115,331)	-25.7%
Housing Assistance Payments	37,584,152	36,997,355	586,797	1.6%
General	665,608	984,389	(318,781)	-32.4%
Interest Expense	57,071	64,120	(7,049)	-11.0%
Depreciation	2,400,615	1,852,195	548,420	29.6%
Total Expenses	<u>49,739,079</u>	<u>48,111,934</u>	<u>1,627,145</u>	3.4%
Increase (Decrease) in Net Position	<u>\$ 2,212,598</u>	<u>\$ (961,275)</u>	<u>\$ 3,173,873</u>	-330.2%

For more detail concerning the statement of revenues, expenses, and changes in net position for the fiscal year 2018, see the statement of revenues, expenses, and changes in net position on page 12 of this report.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Capital Assets and Debt Administration

Capital Assets

As of year-end, the Authority had \$40,898,530 of net capital assets as is reflected in the following Table 3, which represents a net decrease of \$829,951 from the 2017 fiscal year's ending balance.

TABLE 3

	2018	As Restated 2017	Dollar Change	Total % Change
Land	\$ 8,735,326	\$ 9,524,715	\$ (789,389)	-8.3%
Buildings	82,954,501	81,621,780	1,332,721	1.6%
Furniture and Equipment	1,525,876	1,336,760	189,116	14.1%
Construction in Progress	887,147	105,731	781,416	739.1%
Less: Accumulated Depreciation	<u>(53,204,320)</u>	<u>(50,860,505)</u>	<u>(2,343,815)</u>	4.6%
Net Capital Assets	<u>\$ 40,898,530</u>	<u>\$ 41,728,481</u>	<u>\$ (829,951)</u>	-2.0%

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

Debt Administration

As of year-end, the Authority had \$1,260,915 of long-term notes and bonds payable as is reflected in the following Table 4, which represents a net decrease of \$236,264 from the 2017 fiscal year's ending balance.

TABLE 4

	2018	2017	Dollar Change	Total % Change
Bonds Payable	\$ 743,500	\$ 973,000	\$ (229,500)	-23.6%
Notes Payable	<u>517,415</u>	<u>524,179</u>	<u>(6,764)</u>	-1.3%
Total Bonds and Notes Payable	<u>\$ 1,260,915</u>	<u>\$ 1,497,179</u>	<u>\$ (236,264)</u>	-15.8%

For more detail pertaining to the Authority's bonds and notes payable, please see Note 4 to the financial statements in this report.

**HOUSING AUTHORITY OF THE CITY OF RENO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 November 2018 unemployment rate stood at 4.0%. This is in line with the national unemployment rate of 4.1%.
- 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 2019 the Authority does not anticipate significant reductions in federal grant funding for fiscal 2019 versus the funding received for its 2018 fiscal year. Therefore, the Authority does not anticipate any significant reductions in service levels it provides or reductions in the number and types of programs it currently administers.
- Local property rental availability and rental rates influences the amounts of Housing Assistance Payments required by the Authority to subsidize tenants' rents under several of the Authority's most significant federally funded programs. The vacancy rate in the Reno rental market has drastically reduced the past several quarters and the average rents in the Reno market continues to significantly increase compared to fiscal year 2018. The construction and real estate sector continues to hold the higher percentage growth in Washoe County and statewide.
- Note that "Other Income" increased 236% from 2017 to 2018 for the Authority, primarily due to current year donations.

Request for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. April Lawson, 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
JUNE 30, 2018**

ASSETS

CURRENT ASSETS

Cash and Investments	\$ 17,821,036
Accounts Receivable - Other Governments	412,022
Accounts Receivable, net	324,760
Current Portion of Notes Receivable	59,701
Prepaid Expenses	139,549
Total Current Assets	18,757,068

NONCURRENT ASSETS

Notes Receivable	387,000
Capital Assets, Net	40,898,530
Total Noncurrent Assets	41,285,530

Total Assets 60,042,598

DEFERRED OUTFLOWS OF RESOURCES

OPEB Related Outflows	137,042
Unamortized Difference and Change in Related Pension	1,446,785
Total Deferred Outflows of Resources	1,583,827

Total Assets and Deferred Outflows of Resources 61,626,425

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	271,996
Due to Other Governments	423,400
Tenant Security Deposits	470,805
Accrued Payroll	153,885
Unearned Revenue	31,476
Accrued Interest Payable	7,146
Notes Payable - Current	7,131
Compensated Absences - Current	31,792
OPEB Obligation - Current	41,088
Other Current Liabilities	29,636
Total Current Liabilities	1,468,355

NONCURRENT LIABILITIES

Compensated Absences, Net of Current Portion	286,141
Notes Payable, Net of Current Portion	1,253,784
Accrued Pension Liability	6,407,288
OPEB Obligation, Net of Current Portion	755,591
Other Noncurrent Liabilities	122,722
Total Noncurrent Liabilities	8,825,526

Total Liabilities 10,293,881

DEFERRED INFLOWS OF RESOURCES - Pension

582,290

Total Liabilities and Deferred Inflows of Resources 10,876,171

NET POSITION

Net Investment in Capital Assets	39,637,615
Unrestricted	11,112,639
Total Net Position	\$ 50,750,254

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF RENO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018**

OPERATING REVENUES	
HUD Operating Grants	\$ 42,117,911
Rental Income	6,573,881
Other Revenue	<u>2,469,795</u>
Total Operating Revenues	51,161,587
OPERATING EXPENSES	
Administrative	5,119,243
Utilities	863,289
Maintenance	2,715,444
Tenant Services	333,657
General	665,608
Housing Assistance Payments	37,584,152
Depreciation	<u>2,400,615</u>
Total Operating Expenses	<u>49,682,008</u>
OPERATING INCOME	1,479,579
NONOPERATING REVENUES (EXPENSES)	
Interest Income	131,526
Interest Expense	<u>(57,071)</u>
Total Nonoperating Income	<u>74,455</u>
Capital Grants	658,564
CHANGE IN NET POSITION	2,212,598
Net Position - Beginning of Year, As Restated	<u>48,537,656</u>
NET POSITION - END OF YEAR	<u><u>\$ 50,750,254</u></u>

See accompanying Notes to Financial Statements.

**HOUSING AUTHORITY OF THE CITY OF RENO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Grants	\$ 41,910,966
Cash Received from Rents	6,729,936
Other Cash Receipts	2,137,763
Cash Payments to Employees for Services	(5,606,939)
Cash Payments to Suppliers for Goods and Services	(4,153,268)
Cash Payments to Landlords	<u>(37,584,152)</u>
Net Cash Provided by Operating Activities	3,434,306
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(2,328,508)
Disposal of Capital Assets	757,839
Capital Grants Received	658,564
Principal Paid on Capital Debt	(236,264)
Interest Paid on Capital Debt	<u>(57,071)</u>
Net Cash Used by Capital and Related Financing Activities	(1,205,440)
CASH FLOWS FROM INVESTING ACTIVITIES	
Repayment of Notes Receivables	158,274
Interest Received	<u>131,526</u>
Net Cash Provided by Investing Activities	<u>289,800</u>
NET INCREASE IN CASH AND INVESTMENTS	2,518,666
Cash and Investments - Beginning of Year	<u>15,302,370</u>
CASH AND INVESTMENTS - END OF YEAR	<u><u>\$ 17,821,036</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 1,479,579
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	2,400,615
Provision for Bad Debts	104,393
Decrease (Increase) in:	
Accounts Receivable Other Governments	(157,007)
Accounts Receivable	(297,826)
Prepaid Expenses	(119,069)
Deferred Outflows/Inflows of Resources	144,071
(Decrease) Increase in:	
Accounts Payable and Accrued Liabilities	(93,975)
Due to Other Governments	(34,606)
Tenant Security Deposits	17,456
Compensated Absences	7,413
Unearned Revenue	(15,332)
Pension Liability	(142,022)
OPEB Liability	140,616
Net Cash Provided by Operating Activities	<u><u>\$ 3,434,306</u></u>

See accompanying Notes to Financial Statements.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Definition of Reporting Entity

The Authority was established on August 8, 1940 by a resolution of the City of Reno City Council. The Authority is a public body corporate and politically organized pursuant to the laws of Chapter 315 of the state of Nevada. The Authority is governed by a five-member board of commissioners. The City Council appoints the members of the board of commissioners to serve 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 income individuals, and the members of the board of commissioners of the Authority act as members of the board of directors of these corporations. Therefore, the financial information of the Washoe Affordable Housing Corporation and the Transitional Housing Corporation are included in the accompanying financial statements as blended component units of the Authority.

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

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition of Reporting Entity (Continued)

At June 30, 2018, the Authority was administering the following programs which consisted of 7,276 units of low and moderate-income housing:

	Number of Units
Moving to Work Program:	
Housing Complexes:	
Mineral Manor	144
Tom Sawyer Village	100
Silverado 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
Other Administered Programs:	
Moderate Rehabilitation and Single Room Occupancy	27
Veterans Affairs Special Vouchers	303
Special Allocations	3,174
Business Activities	341
Neighborhood Stabilization Programs I and II	128
Economic Development Initiative - Special Projects	11
Dollar Home Sales	22
Total Units Administered under Other Programs	4,006
Total Units Administered at June 30, 2018	7,276

Government-Wide and Fund financial Statements

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

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

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

Estimates

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

Budgets and Budgetary Accounting

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

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

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

Restricted Assets

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

Receivables

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

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.

Capital Assets

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

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

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

Buildings	30 Years
Improvements	15 Years
Furniture and Equipment	5 to 10 Years

Compensated Absences

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

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Position (Continued)

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

Taxes

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

Net Position

Net position represents the differences between assets and 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. It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Deferred Outflows/Inflows of Resources

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

Pensions

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

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement and Correction of an Error

In fiscal year 2018, the Authority implement GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The Authority is now required to record a liability for future postemployment benefits other than pension benefits in excess of accumulated plan contributions. The cumulative effect of the accounting change in connection with the implementation of GASB No. 75 was a reduction in net position of \$363,659 as of July 1, 2017.

As a result of an internal reconciliation by management, it was discovered that capital fund program costs were not properly capitalized or expensed to the applicable AMPs. In addition, it was determined that accumulated depreciation was not properly recorded. The total of all these accounts results in a \$2,473,229 correction of the error to net position as of July 1, 2017.

Net Position July 1, 2017, as Previously Stated	\$ 46,428,086
Cumulative Effect of GASB No. 75, Total OPEB Liability	(363,659)
Correction of Error of Prior Year Reporting of Depreciation	(1,051,020)
Correction of Error of Prior Year for Capital Assets	<u>3,524,249</u>
Net Position July 1, 2017, as Restated	<u>\$ 48,537,656</u>

NOTE 2 CASH AND INVESTMENTS

Policies

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

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

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

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

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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, 2018 are as follows:

Cash and Cash Equivalents	\$ 7,650,652	
Money Market Mutual Funds	10,170,384	
Total Cash and Investments	\$ 17,821,036	

The \$7,650,652 of cash and cash equivalents consists of \$7,649,647 maintained on deposit in banks and \$1,005 of petty cash. Of the amounts deposited into bank checking and savings and money market accounts \$1,000,000 is covered by federal deposit insurance. The remaining \$17,112,003, 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. As of June 30, 2018, all deposits were fully collateralized with the exception of \$10,769,277 related to the funds held with Wells Fargo.

The \$10,170,384 of money market mutual funds are carried at fair value. Cash and cash equivalents are considered to be liquid assets for purposes of measuring cash flows.

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:

Investment Type	12 Months or Less	One to Five Years	More than Five Years	Total
Money Market Mutual Funds	\$ 10,170,384	\$ -	\$ -	\$ 10,170,384

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, 2018 for each Authority investment type is provided by Standard and Poor's.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

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

NOTE 3 CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2018:

	As Restated Balance 6/30/17	Additions	Adjustments/ Deletions	Balance 6/30/18
Land	\$ 9,524,715	\$ 104,460	\$ (893,849)	\$ 8,735,326
Buildings and Improvements	81,621,780	1,325,724	6,997	82,954,501
Equipment	1,336,760	241,586	(52,470)	1,525,876
Construction in Progress	105,731	803,021	(21,605)	887,147
	<u>92,588,986</u>	<u>2,474,791</u>	<u>(960,927)</u>	<u>94,102,850</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(50,289,385)	(2,338,896)	-	(52,628,281)
Equipment	(571,120)	(61,719)	56,800	(576,039)
Total Accumulated Depreciation	<u>(50,860,505)</u>	<u>(2,400,615)</u>	<u>56,800</u>	<u>(53,204,320)</u>
Capital Assets, Net	<u>\$ 41,728,481</u>	<u>\$ 74,176</u>	<u>\$ (904,127)</u>	<u>\$ 40,898,530</u>

NOTE 4 LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Revenue Refunding Bonds	\$ 973,000	\$ -	\$ (229,500)	\$ 743,500
Notes Payable	524,179	-	(6,764)	517,415
Compensated Absences	310,520	318,111	(310,698)	317,933
Total	<u>\$ 1,807,699</u>	<u>\$ 318,111</u>	<u>\$ (546,962)</u>	<u>\$ 1,578,848</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Refunding bonds debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required Payments</u>
2019	\$ -	\$ 18,402	\$ 18,402
2020	241,000	30,839	271,839
2021	253,500	18,600	272,100
2022	249,000	6,163	255,163
Total	<u>\$ 743,500</u>	<u>\$ 74,004</u>	<u>\$ 817,504</u>

The bonds payable consist of Multifamily Housing Revenue Refunding Bonds payable to Wells Fargo Brokerage Services, LLC. Interest accrues on the bonds at 4.95% per annum. The bonds mature on July 1, 2021. The outstanding balance on the bonds at June 30, 2018 was \$743,500.

Notes payable debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Required Payments</u>
2019	\$ 7,131	\$ 6,134	\$ 13,265
2020	7,345	5,920	13,265
2021	7,565	5,700	13,265
2022	7,792	5,473	13,265
2023	8,026	5,239	13,265
2024-2028	60,887	25,438	86,325
2029-2033	94,661	21,664	116,325
2034-2038	267,868	45,286	313,154
2039-2043	56,140	1,924	58,064
Total	<u>\$ 517,415</u>	<u>\$ 122,778</u>	<u>\$ 640,193</u>

Notes payable at June 30, 2018 consist of the following:

Note payable to the city of Reno, due September 1, 2036 secured by a deed of trust on real estate located in Sparks, Nevada. Interest accrues at 1% per annum on the unpaid balance until September 1, 2036 at which time the remaining principal balance and accrued interest will be forgiven. There is no annual required payment of interest or principal. The outstanding balance at June 30, 2018 was \$162,893.

Note payable to the City of Reno-Washoe County Home Consortium, due April 1, 2041, secured by a junior deed of trust on real property located at 7900 Golden Valley Road, Reno, Nevada. Interest accrues on the note at 1.0% per annum as of May 1, 2026 with required annual principal and interest payments of \$10,000 beginning May 1, 2027. The balance outstanding on the loan at June 30, 2018 was \$150,000.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 LONG-TERM DEBT (CONTINUED)

Note payable to the City of Reno-Washoe County Home Consortium, due April 1, 2033, secured by a junior deed of trust on real property located at 7900 Golden Valley Road, Reno, Nevada. Interest accrues on the note at a rate of 8.6% on the first \$200,000 and 3.0% on the remaining \$60,000 per annum. Required annual principal and interest payments are \$9,300. The balance outstanding on the loan at June 30, 2018 was \$204,522.

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 \$317,933 has been valued and recorded by the Authority as of June 30, 2018.

NOTE 6 EMPLOYEES RETIREMENT PLAN

General Information about the Pension Plan

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

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

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

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 EMPLOYEES RETIREMENT PLAN (CONTINUED)

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

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

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

The Plans' provisions and benefits in effect at June 30, 2018 are summarized as follows:

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

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

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

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 EMPLOYEES RETIREMENT PLAN (CONTINUED)

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

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

For the fiscal years ended June 30, 2017 and June 30, 2018, the Regular Employer-pay contribution (EPC) rate was 28.1% and 28% respectively.

Net Pension Liability - The net pension liability (NPL) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NPL \$6,407,288 is measured as a proportionate share of the net pension liability of \$13,299,844,084 (or .048180%).

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, 2018.

Deferred inflows/outflows – For the year ended June 30, 2018, the Authority recognized pension expense of \$139,091. At June 30, 2018, 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	\$ 883,787	\$ -
Differences Between Actual and Expected Experience	-	420,448
Changes in Assumption	425,063	-
Net Differences Between Projected and Actual		
Earnings on Pension Plan Investments	41,602	-
Adjustment Due to Differences in Proportions	96,333	161,842
Total	<u>\$ 1,446,785</u>	<u>\$ 582,290</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 EMPLOYEES RETIREMENT PLAN (CONTINUED)

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

Of the \$1,446,785 reported as deferred outflows of resources, \$883,787 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, 2018 (measurement period ended June 30, 2018). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ (114,903)
2020	148,743
2021	38,413
2022	(104,736)
2023	54,157
2024	(40,966)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability – The System’s net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the flowing actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:

Discount Rate	7.50%
Inflation Rate	2.75%
Payroll Growth	5.00%, including inflation
Productivity Pay Increases	0.50%
Projected Salary Increases	4.25% to 9.15%, for regular members, varying by service, including inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2017 funding actuarial valuation

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience study for the period July 1, 2012 to June 30, 2016.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan’s current funding policy and cost-sharing mechanism between employers and members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine total pension liability as of June 30, 2018.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 EMPLOYEES RETIREMENT PLAN (CONTINUED)

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

The following was the System's board adopted policy target asset allocation as of June 30, 2017:

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

*As of June 30, 2017 PERS' Long-term inflation assumption was 2.75%

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

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

	Discount Rate – 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate +1% (8.50%)
Plan's Pension Liability	\$ 9,686,031	\$ 6,407,288	\$ 3,684,241

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

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Information

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

Benefits Provided

The Authority is required to provide a subsidy based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State legislature. In fiscal year 2018, this subsidy ranged from \$55 to \$636 per retiree, per month.

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefit payments	29
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	72
Total Plan Members	<hr style="border: 0.5px solid black;"/> <hr style="border: 0.5px solid black;"/> 101

Contributions

The contribution requirements of plan members and the Authority are established and may be amended through Authority ordinances. The Authority contributed \$0 beyond the pay-as-you-go cost for the period ending on the June 30, 2018 measurement date. For the year ending on the June 30, 2018 measurement date, total Authority premiums plus implicit costs for the retiree medical program were \$50,739.

Net OPEB Liability

The Authority's net OPEB liability of \$796,679 was measured as of June 30, 2018, and the total OPEB liability used to calculate the new OPEB liability was determined by an actuarial valuation as of that date.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions

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

Actuarial Assumptions:	
Valuation Date	July 1, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset-Valuation Method	Market Value of Assets at the Measurement Date
Investment Rate of Return	6.50%, net of OPEB plan investment expense, including inflation
Discount Rate	3.50% per annum (previously 4.00%)
Municipal Bond Rate	3.45% as of June 30, 2018 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG)
Single Equivalent Discount Rate	3.5%, net of OPEB plan investment expense, including inflation
Inflation	2.75% as of June 30, 2018 and for future periods
Salary Increases	3.00% annually as of June 30, 2018 and for future periods
Cost of Living Adjustment	N/A
Pre-Retirement Mortality	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Post-Retirement Mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females
Disabled Mortality	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females

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

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

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

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

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

	1% Decrease (2.50)%	Discount (3.50)%	1% Increase (4.50)%
Total Net OPEB Liability	\$ 886,464	\$ 796,679	\$ 722,042
Service Cost	15,992	13,829	11,925

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

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

	1% Decrease (4.00)%	Current Discount (5.00)%	1% Increase (6.00)%
Total Net OPEB Liability	\$ 695,161	\$ 796,679	\$ 1,488,861
Service Cost	7,044	13,829	96,019

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

For the year ended June 30, 2018, the Authority recognized an OPEB expense of \$3,573. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 95,954	\$ -
Contributions Made Subsequent to the Measurement Date	41,088	-
Total	<u>\$ 137,042</u>	<u>\$ -</u>

The \$41,088 reported as deferred outflows of resources related to pensions resulting from the Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 17,320
2020	17,320
2021	17,320
2022	17,320
2023	17,320
Total Thereafter	9,354

NOTE 8 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS

	<u>Washoe Affordable Housing Corporation</u>	<u>Transitional Housing Corporation</u>	<u>Blended Component Unit Total</u>	<u>Total Primary Government</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Cash and Investments	\$ 2,685,406	\$ 227,700	\$ 2,913,106	\$ 14,907,930	-	\$ 17,821,036
Other Current Assets	176,231	-	176,231	759,801	-	936,032
Noncurrent Assets	-	-	-	387,000	-	387,000
Capital Assets	1,933	-	1,933	40,896,597	-	40,898,530
Interprogram Due From	-	-	-	2,856,322	(2,856,322)	-
Deferred Outflows	-	-	-	1,583,827	-	1,583,827
Total Assets and Deferred Outflows	2,863,570	227,700	3,091,270	61,391,477	(2,856,322)	61,626,425
LIABILITIES						
Current Liabilities	32,401	-	32,401	1,435,954	-	1,468,355
Noncurrent Liabilities	-	-	-	8,825,526	-	8,825,526
Interprogram Due To	331,900	-	331,900	2,524,422	(2,856,322)	-
Deferred Inflows	-	-	-	582,290	-	582,290
Total Liabilities and Deferred Inflows	364,301	-	364,301	13,368,192	(2,856,322)	10,876,171
NET POSITION						
Net Investment in Capital Assets	1,933	-	1,933	39,635,682	-	39,637,615
Unrestricted	2,497,336	227,700	2,725,036	8,387,603	-	11,112,639
Total Net Position	2,499,269	227,700	2,726,969	48,023,285	-	50,750,254
Total Liabilities and Net Position	<u>\$ 2,863,570</u>	<u>\$ 227,700</u>	<u>\$ 3,091,270</u>	<u>\$ 61,391,477</u>	<u>\$ (2,856,322)</u>	<u>\$ 61,626,425</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 8 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

	Washoe Affordable Housing Corporation	Transitional Housing Corporation	Blended Component Unit Total	Total Primary Government	Eliminations	Total
OPERATING REVENUES						
HUD Operating Grants	\$ -	\$ -	\$ -	\$ 42,117,911	\$ -	\$ 42,117,911
Rental Income	-	-	-	6,573,881	-	6,573,881
Other Revenue	23,496,253	-	23,496,253	4,232,096	(25,258,554)	2,469,795
Total Operating Revenue	23,496,253	-	23,496,253	52,923,888	(25,258,554)	51,161,587
OPERATING EXPENSES						
Administrative	661,588	-	661,588	6,275,924	(1,818,269)	5,119,243
Utilities	4,210	-	4,210	859,079	-	863,289
Maintenance	14,868	-	14,868	2,700,576	-	2,715,444
Tenant Services	-	-	-	333,657	-	333,657
General Expenses	2,727	-	2,727	24,103,166	(23,440,285)	665,608
Housing Assistance Payments	22,658,777	-	22,658,777	14,925,375	-	37,584,152
Depreciation	67	-	67	2,400,548	-	2,400,615
Total Operating Expenses	23,342,237	-	23,342,237	51,598,325	(25,258,554)	49,682,008
Operating Income (Loss)	154,016	-	154,016	1,325,563	-	1,479,579
Total Nonoperating Revenues/(Expenses)	10,749	2,501	13,250	61,205	-	74,455
Income (Loss) Before Capital Grants	164,765	2,501	167,266	1,386,768	-	1,554,034
Capital Grants	-	-	-	658,564	-	658,564
CHANGE IN NET POSITION	164,765	2,501	167,266	2,045,332	-	2,212,598
Total Net Position - Beginning of Year, As Restated	2,334,504	225,199	2,559,703	45,977,953	-	48,537,656
TOTAL NET POSITION - END OF YEAR	\$ 2,499,269	\$ 227,700	\$ 2,726,969	\$ 48,023,285	\$ -	\$ 50,750,254

**HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

**NOTE 8 CONDENSED COMBINING INFORMATION FOR BLENDED COMPONENT UNITS
(CONTINUED)**

	Washoe Affordable Housing Corporation	Transitional Housing Corporation	Blended Component Unit Total	Total Primary Government	Eliminations	Total
Net Cash Provided (Used) by						
Operating Activities	\$ 1,196,675	\$ 27	\$ 1,196,702	\$ 2,237,604	\$ -	\$ 3,434,306
Capital and Related Financing Activities	(2,000)	-	(2,000)	(1,203,440)	-	(1,205,440)
Investing Activities	10,749	2,501	13,250	276,550	-	289,800
Net Increase/ (Decrease) in Cash	1,205,424	2,528	1,207,952	1,310,714	-	2,518,666
Cash and Cash Equivalents - Beginning of Year	1,479,982	225,172	1,705,154	13,597,216	-	15,302,370
Cash and Cash Equivalents - End of Year	<u>\$ 2,685,406</u>	<u>\$ 227,700</u>	<u>\$ 2,913,106</u>	<u>\$ 14,907,930</u>	<u>\$ -</u>	<u>\$ 17,821,036</u>

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. The relationship between the Authority and HARRP is such that HARRP is not a component unit of the Authority for financial reporting purposes.

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.

Pending Legal Matters

Five plaintiffs are jointly suing the Authority (the defendant) for an estimated \$3,000,000 alleging a failure to pay the plaintiffs a minimum wage. On March 27, 2018, the Authority's motion for summary judgment was granted and the case was therefore dismissed. The plaintiffs have appealed to the Ninth Circuit Court of Appeals. The Authority (the defendant) continues to believe it has adequate defenses and will not be materially impacted by the outcome.

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 SUBSEQUENT EVENTS

Management evaluated all activity of the Authority through March 28, 2019, 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

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
YEAR ENDED JUNE 30, 2018**

**Schedule of Authority's Proportionate Share of the Net Pension Liability
Last 10 Years***

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

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

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF THE AUTHORITY'S PENSION CONTRIBUTIONS
YEAR ENDED JUNE 30, 2018**

**Schedule of Authority's Pension Plan Contributions
Last 10 Years***

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

Valuation Date

June 30, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Entry Age Actual Cost Method

Amortization Method

Level Percentage of Payroll

Asset Valuation Method

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

Inflation

2.75%

Payroll Growth

5.00% Including Inflation

Salary Increase

4.25% to 9.15% Depending on Service. Rates

Include Inflation and Productivity Increases

Investment Rate of Return

7.50%

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

**HOUSING AUTHORITY OF THE CITY OF RENO
 SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 YEAR ENDED JUNE 30, 2018**

**Schedule of Authority's Proportionate Share of Net OPEB Liability
 Last 10 Years***

Year Ended	Authority's Proportion of Net OPEB Liability	Authority's Proportion Share of Net OPEB Liability	Authority Covered Payroll	Authority's Proportion Share of net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the total OPEB Liability
June 30, 2018	100%	\$ 796,679	\$ 3,580,549	\$ 2,853,604	0.0%

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

**HOUSING AUTHORITY OF THE CITY OF RENO
 SCHEDULE OF THE AUTHORITY'S OPEB CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2018**

**Schedule of Authority's OPEB Contributions
 Last 10 Years***

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

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

OTHER SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Department of Housing and Urban Development (HUD)</u>		
Direct Programs:		
Section 8 Project Based Cluster:		
Section 8 Housing Assistance Payments Program	14.195	\$ 23,440,285
Section 8 Rental Moderate Rehabilitation Program – SRO	14.249	108,855
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	<u>19,656</u>
Total Section 8 Project-Based Cluster		<u>23,568,796</u>
Resident Opportunities Supportive Services	14.870	38,506
Moving to Work Demonstration (MTW) Program:		
MTW Demonstration Program for Low Rent	14.OPS	1,380,280
MTW Demonstration Program for Capital Fund	14.CFP	741,010
MTW Demonstration Program for HCV Program	14.HCV	<u>16,963,023</u>
Total Moving to Work Demonstration(MTW) Program		<u>19,084,313</u>
 Total Federal Expenditures, all U.S. Department of Housing and Urban Development		 <u><u>\$ 42,691,615</u></u>

HOUSING AUTHORITY OF THE CITY OF RENO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Housing Authority of the City of Reno (the Authority) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through, entity identifying numbers are presented where available.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 SUBRECIPIENTS

The Authority did not pass-through any federal awards to subrecipients. The Authority was not a recipient of any amount of federal awards for the year ended June 30, 2018. See the accompanying schedule.

NOTE 5 NON-CASH FEDERAL ASSISTANCE

The Authority did not receive any non-cash Federal assistance for the year ended June 30, 2018.

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Project Total	Moving to Work - Low Rent	Moving to Work - HCV	Moving to Work - CFP	MTW - Demonstration Program	Section 8 Housing Assistance Payments	Section 8 MOD - SRO	Section 8 Moderate Rehabilitation	Shelter Plus Care
CURRENT ASSETS										
Cash:										
111	Unrestricted	\$ 1,184,854	\$ -	\$ -	\$ -	\$ 906,564	\$ -	\$ 253,448	\$ 49,557	\$ 12,390
112	Restricted - modernization and development	-	-	-	-	-	-	-	-	-
113	Other restricted	-	-	-	-	-	-	-	-	-
114	Tenant security deposits	213,193	-	-	-	-	-	-	-	-
100	Total cash	<u>1,398,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906,564</u>	<u>-</u>	<u>253,448</u>	<u>49,557</u>	<u>12,390</u>
Accounts and notes receivable:										
121	PHA Projects	-	-	-	-	53,260	-	-	-	-
122	HUD other projects	164,319	-	-	-	-	-	729	-	-
124	Other government	-	-	-	-	-	-	-	-	-
125	Miscellaneous	9,901	-	-	-	18,429	-	-	1,420	-
126	Tenants	26,998	-	-	-	232,674	-	-	-	285
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	(63,886)	-	-	-	-
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-
127	Notes, loans, & mortgages receivable - current	11,910	-	-	-	-	-	-	-	-
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-
120	Total receivables, net of allowances for uncollectibles	<u>213,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,477</u>	<u>-</u>	<u>729</u>	<u>1,420</u>	<u>285</u>
131	Investments - unrestricted	1,027,290	-	-	-	47	-	-	-	-
132	Investments - restricted	-	-	-	-	-	-	-	-	-
142	Prepaid expenses and other assets	26,748	-	-	-	250	-	-	-	-
143	Inventories	-	-	-	-	-	-	-	-	-
144	Inter-program - due from	34,314	-	-	-	-	-	-	-	-
150	Total current assets	<u>2,699,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,147,338</u>	<u>-</u>	<u>254,177</u>	<u>50,977</u>	<u>12,675</u>
NONCURRENT ASSETS										
Fixed assets:										
161	Land	2,273,745	-	-	-	-	-	-	-	-
162	Buildings	50,257,186	-	-	-	-	-	-	-	-
163	Furniture, equipment & mach - dwellings	651,981	-	-	-	18,713	-	-	-	-
165	Leasehold Improvements	106,638	-	-	-	-	-	-	-	-
164	Furniture, equipment & mach - admin.	238,308	-	-	-	17,274	-	-	-	-
166	Accumulated depreciation	(41,254,029)	-	-	-	(10,834)	-	-	-	-
167	Construction in progress	273,729	-	-	-	-	-	-	-	-
168	Infrastructure	-	-	-	-	-	-	-	-	-
160	Total fixed assets, net of accumulated depreciation	<u>12,547,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
171	Notes, loans and mortgages receivable -noncurrent	-	-	-	-	-	-	-	-	-
174	Other assets	-	-	-	-	-	-	-	-	-
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-
180	Total noncurrent assets	<u>12,547,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
200	Deferred Outflow of Resources	<u>522,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 15,769,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,748,055</u>	<u>\$ -</u>	<u>\$ 254,177</u>	<u>\$ 50,977</u>	<u>\$ 12,675</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Resident								Elimination	Total Entity
		Neighborhood Stabilization Program	Housing Investment Partnerships	Dollar Home Sales	Opportunity and Supportive Services	Business Activities	Blended Component Unit	COCC			
CURRENT ASSETS											
Cash:											
111	Unrestricted	\$ 891,137	\$ 403,383	\$ 345,049	\$ -	\$ 867,703	\$ 1,705,154	\$ 560,608	\$ -	\$ 7,179,847	
112	Restricted - modernization and development	-	-	-	-	-	-	-	-	-	
113	Other restricted	-	-	-	-	-	-	-	-	-	
114	Tenant security deposits	102,901	9,231	18,710	-	126,770	-	-	-	470,805	
100	Total cash	<u>994,038</u>	<u>412,614</u>	<u>363,759</u>	<u>-</u>	<u>994,473</u>	<u>1,705,154</u>	<u>560,608</u>	<u>-</u>	<u>7,650,652</u>	
Accounts and notes receivable:											
121	PHA Projects	-	-	-	-	-	-	-	-	53,260	
122	HUD other projects	-	-	-	38,506	-	130,232	-	-	333,786	
124	Other government	-	-	-	-	-	24,976	-	-	24,976	
125	Miscellaneous	-	-	-	-	80,947	-	3,451	-	114,148	
126	Tenants	12,304	91	60	-	2,086	-	-	-	274,498	
126.1	Allowance for doubtful accounts - tenants	-	-	-	-	-	-	-	-	(63,886)	
126.2	Allowance for doubtful accounts - other	-	-	-	-	-	-	-	-	-	
127	Notes, loans, & mortgages receivable - current	41,000	-	-	-	6,791	-	-	-	59,701	
129	Accrued interest receivable	-	-	-	-	-	-	-	-	-	
120	Total receivables, net of allowances for uncollectibles	<u>53,304</u>	<u>91</u>	<u>60</u>	<u>38,506</u>	<u>89,824</u>	<u>155,208</u>	<u>3,451</u>	<u>-</u>	<u>796,483</u>	
131	Investments - unrestricted	2,690,893	-	-	-	4,360,733	1,207,952	883,469	-	10,170,384	
132	Investments - restricted	-	-	-	-	-	-	-	-	-	
142	Prepaid expenses and other assets	24,130	-	16,392	-	7,690	21,023	43,316	-	139,549	
143	Inventories	-	-	-	-	-	-	-	-	-	
144	Inter-program - due from	810,159	29,472	-	-	1,937,798	-	44,579	(2,856,322)	-	
150	Total current assets	<u>4,572,524</u>	<u>442,177</u>	<u>380,211</u>	<u>38,506</u>	<u>7,390,518</u>	<u>3,089,337</u>	<u>1,535,423</u>	<u>(2,856,322)</u>	<u>18,757,068</u>	
NONCURRENT ASSETS											
Fixed assets:											
161	Land	2,901,945	143,190	322,400	-	3,094,046	-	-	-	8,735,326	
162	Buildings	13,249,827	1,355,372	1,831,702	-	14,994,315	2,000	933,333	-	82,623,735	
163	Furniture, equipment & mach - dwellings	69,735	-	-	-	118,676	-	131,207	-	990,312	
165	Leasehold Improvements	62,182	24,228	25,755	-	111,963	-	-	-	330,766	
164	Furniture, equipment & mach - admin.	2,711	-	-	-	-	62,761	214,510	-	535,564	
166	Accumulated depreciation	(2,680,468)	(300,047)	(341,204)	-	(7,473,214)	(62,828)	(1,081,696)	-	(53,204,320)	
167	Construction in progress	-	-	-	-	613,418	-	-	-	887,147	
168	Infrastructure	-	-	-	-	-	-	-	-	-	
160	Total fixed assets, net of accumulated depreciation	<u>13,605,932</u>	<u>1,222,743</u>	<u>1,838,653</u>	<u>-</u>	<u>11,459,204</u>	<u>1,933</u>	<u>197,354</u>	<u>-</u>	<u>40,898,530</u>	
171	Notes, loans and mortgages receivable -noncurrent	387,000	-	-	-	-	-	-	-	387,000	
174	Other assets	-	-	-	-	-	-	-	-	-	
176	Investments in Joint Ventures	-	-	-	-	-	-	-	-	-	
180	Total noncurrent assets	<u>13,992,932</u>	<u>1,222,743</u>	<u>1,838,653</u>	<u>-</u>	<u>11,459,204</u>	<u>1,933</u>	<u>197,354</u>	<u>-</u>	<u>41,285,530</u>	
200	Deferred Outflow of Resources	<u>49,416</u>	<u>10,611</u>	<u>16,313</u>	<u>-</u>	<u>42,763</u>	<u>-</u>	<u>366,814</u>	<u>-</u>	<u>1,583,827</u>	
290	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 18,614,872</u>	<u>\$ 1,675,531</u>	<u>\$ 2,235,177</u>	<u>\$ 38,506</u>	<u>\$ 18,892,485</u>	<u>\$ 3,091,270</u>	<u>\$ 2,099,591</u>	<u>\$ (2,856,322)</u>	<u>\$ 61,626,425</u>	

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Project Total	Moving to Work - Moving to Work · Moving to Work ·			MTW -	Section 8	Section 8 MOD -	Section 8	Shelter Plus
			Low Rent	HCV	CFP	Demonstration Program	Housing Assistance Payments	SRO	Moderate Rehabilitation	Care
CURRENT LIABILITIES										
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	82,936	-	-	-	4,216	-	-	-	-
321	Accrued wage/payroll taxes payable	31,016	-	-	-	34,176	-	-	-	-
322	Accrued compensated absences - current	10,485	-	-	-	11,554	-	-	-	-
325	Accrued interest payable	2	-	-	-	-	-	-	-	-
331	Accounts payable - HUD	-	-	-	-	-	-	-	2,858	-
333	Accounts Payable - Other Government	420,542	-	-	-	-	-	-	-	-
341	Tenant security deposits	213,193	-	-	-	-	-	-	-	-
342	Unearned revenues	14,965	-	-	-	-	-	-	-	-
343	Current portion of LT debt - capital projects	-	-	-	-	-	-	-	-	-
344	Current portion of LT debt- Operating	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-
346	Other liabilities	-	-	-	-	-	-	-	-	-
347	Interprogram - due to	1,033,431	-	-	-	400,582	-	206,078	28,722	6,720
310	Total current liabilities	1,806,570	-	-	-	450,528	-	206,078	31,580	6,720
NONCURRENT LIABILITIES										
351	Long-term debt, net of current - capital	-	-	-	-	-	-	-	-	-
352	Long-term debt, net of current - operating	-	-	-	-	-	-	-	-	-
353	Noncurrent liabilities - other	20,072	-	-	-	58,507	-	-	-	-
354	Accrued compensated absences - noncurrent	94,369	-	-	-	103,984	-	-	-	-
357	Accrued Pension and OPEB Liabilities	2,375,869	-	-	-	2,617,921	-	-	-	-
350	Total noncurrent liabilities	2,490,310	-	-	-	2,780,412	-	-	-	-
300	Total liabilities	4,296,880	-	-	-	3,230,940	-	206,078	31,580	6,720
400	Deferred Inflow of Resources	192,039	-	-	-	211,604	-	-	-	-
	Total Liabilities & Deferred Inflow of Resources	4,488,919	-	-	-	3,442,544	-	206,078	31,580	6,720
NET POSITION										
508.4	Net investment in capital assets	12,547,558	-	-	-	25,153	-	-	-	-
511.4	Restricted net position	-	-	-	-	-	-	-	-	-
512.4	Unrestricted net position	(1,267,046)	-	-	-	(1,719,642)	-	48,099	19,397	5,955
513	Total net position	11,280,512	-	-	-	(1,694,489)	-	48,099	19,397	5,955
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 15,769,431	\$ -	\$ -	\$ -	\$ 1,748,055	\$ -	\$ 254,177	\$ 50,977	\$ 12,675

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Neighborhood Stabilization Program	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activities	Blended Component Unit	COCC	Elimination	Total Entity
CURRENT LIABILITIES										
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
312	Accounts payable <= 90 days	29,033	5,084	141	-	96,241	16,512	37,833	-	271,996
321	Accrued wage/payroll taxes payable	2,934	630	969	-	45,912	15,832	22,416	-	153,885
322	Accrued compensated absences - current	992	213	327	-	858	-	7,363	-	31,792
325	Accrued interest payable	6	-	-	-	7,134	2	2	-	7,146
331	Accounts payable - HUD	-	-	-	-	-	-	-	-	2,858
333	Accounts Payable - Other Government	-	-	-	-	-	-	-	-	420,542
341	Tenant security deposits	102,901	9,231	18,710	-	126,770	-	-	-	470,805
342	Unearned revenues	9,503	-	1,473	-	5,535	-	-	-	31,476
343	Current portion of LT debt - capital projects	-	-	-	-	7,131	-	-	-	7,131
344	Current portion of LT debt - operating	-	-	-	-	-	-	-	-	-
345	Other current liabilities	-	-	-	-	-	-	-	-	-
346	Other liabilities	-	-	-	-	29,581	55	-	-	29,636
347	Interprogram - due to	-	-	781,545	38,506	-	331,900	28,838	(2,856,322)	-
310	Total current liabilities	<u>145,369</u>	<u>15,158</u>	<u>803,165</u>	<u>38,506</u>	<u>319,162</u>	<u>364,301</u>	<u>96,452</u>	<u>(2,856,322)</u>	<u>1,427,267</u>
NONCURRENT LIABILITIES										
351	Long-term debt, net of current - capital	-	-	-	-	1,253,784	-	-	-	1,253,784
352	Long-term debt, net of current - operating	-	-	-	-	-	-	-	-	-
353	Noncurrent liabilities - other	-	-	-	-	44,143	-	-	-	122,722
354	Accrued compensated absences - noncurrent	8,928	1,917	2,947	-	7,726	-	66,270	-	286,141
357	Accrued Pension and OPEB Liabilities	224,764	48,266	74,201	-	194,507	-	1,668,439	-	7,203,967
350	Total noncurrent liabilities	<u>233,692</u>	<u>50,183</u>	<u>77,148</u>	<u>-</u>	<u>1,500,160</u>	<u>-</u>	<u>1,734,709</u>	<u>-</u>	<u>8,866,614</u>
300	Total liabilities	<u>379,061</u>	<u>65,341</u>	<u>880,313</u>	<u>38,506</u>	<u>1,819,322</u>	<u>364,301</u>	<u>1,831,161</u>	<u>(2,856,322)</u>	<u>10,293,881</u>
400	Deferred Inflow of Resources	<u>18,168</u>	<u>3,901</u>	<u>5,998</u>	<u>-</u>	<u>15,722</u>	<u>-</u>	<u>134,858</u>	<u>-</u>	<u>582,290</u>
	Total Liabilities and Deferred Inflow of Resources	<u>397,229</u>	<u>69,242</u>	<u>886,311</u>	<u>38,506</u>	<u>1,835,044</u>	<u>364,301</u>	<u>1,966,019</u>	<u>(2,856,322)</u>	<u>10,876,171</u>
NET POSITION										
508.4	Net investment in capital assets	13,605,932	1,222,743	1,838,653	-	10,198,289	1,933	197,354	-	39,637,615
511.4	Restricted net position	-	-	-	-	-	-	-	-	-
512.4	Unrestricted net position	<u>4,611,711</u>	<u>383,546</u>	<u>(489,787)</u>	<u>-</u>	<u>6,859,152</u>	<u>2,725,036</u>	<u>(63,782)</u>	<u>-</u>	<u>11,112,639</u>
513	Total net position	<u>18,217,643</u>	<u>1,606,289</u>	<u>1,348,866</u>	<u>-</u>	<u>17,057,441</u>	<u>2,726,969</u>	<u>133,572</u>	<u>-</u>	<u>50,750,254</u>
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 18,614,872</u>	<u>\$ 1,675,531</u>	<u>\$ 2,235,177</u>	<u>\$ 38,506</u>	<u>\$ 18,892,485</u>	<u>\$ 3,091,270</u>	<u>\$ 2,099,591</u>	<u>\$ (2,856,322)</u>	<u>\$ 61,626,425</u>

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Project Total	MTW -			Section 8	Section 8	Section 8	Shelter Plus Care
			Moving to Work - Low Rent	Moving to Work - HCV	Moving to Work - CFP	Demonstration Program	Assistance Payments	Section 8 MOD - SRO	
REVENUE									
70300	Net tenant rental revenue	\$ 2,652,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	55,900	-	-	-	-	-	-	-
70500	Total tenant revenue	2,708,616	-	-	-	-	-	-	-
70600	HUD PHA operating grants	-	1,380,280	16,963,023	82,446	-	23,440,285	176,051	37,320
706.10	Capital grants	-	-	-	658,564	-	-	-	-
70710	Management fee	-	-	-	-	-	-	-	-
70720	Asset Management fee	-	-	-	-	-	-	-	-
70730	Bookkeeping fee	-	-	-	-	-	-	-	-
70750	Other fees	-	-	-	-	-	-	-	-
70800	Other governmental grants	-	-	-	-	-	-	-	-
71100	Investment income - unrestricted	16,214	-	-	-	8,994	-	-	-
71400	Fraud recovery	-	-	-	-	330,612	-	-	1,420
71500	Other revenue	13,454	-	-	-	-	-	-	4,035
71600	Gain or loss on sale of capital assets	-	-	-	-	2,830	-	-	-
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-
70000	Total revenue	2,738,284	1,380,280	16,963,023	741,010	504,716	23,440,285	176,051	38,740
EXPENSES									
Administrative:									
91100	Administrative salaries	330,861	-	-	-	1,071,121	-	-	-
91200	Auditing fees	18,502	-	-	-	4,400	-	548	550
91300	Management fee	540,643	-	-	-	334,068	-	2,988	696
91310	Bookkeeping fee	66,473	-	-	-	208,793	-	1,868	435
91400	Advertising	677	-	-	-	211	-	-	-
91500	Employee benefit contributions - admin	326,313	-	-	-	833,072	-	-	-
91600	Office expense	175,005	-	-	-	187,573	-	-	-
91700	Legal expense	29,336	-	-	-	-	-	-	-
91800	Travel	6,512	-	-	-	2,840	-	-	-
91900	Other	3,876	-	-	-	14	-	-	-
	Total administrative	1,498,198	-	-	-	2,642,092	-	5,404	1,681
92000	Asset Management Fee	62,670	-	-	-	-	-	-	-
Tenant services:									
92100	Salaries	109,995	-	-	-	40,890	-	-	-
92200	Relocation costs	-	-	-	-	-	-	-	-
92300	Employee benefit contributions	68,082	-	-	-	-	-	-	-
92400	Other	24,212	-	-	-	9,838	-	-	-
	Total tenant services	202,289	-	-	-	50,728	-	-	-
Utilities:									
93100	Water	115,227	-	-	-	-	-	-	-
93200	Electricity	60,369	-	-	-	-	-	-	-
93300	Gas	42,024	-	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-	-	-
93600	Sewer	305,951	-	-	-	-	-	-	-
93800	Other utilities expense	10,617	-	-	-	-	-	-	-
	Total utilities	534,188	-	-	-	-	-	-	-
Ordinary maintenance & operations:									
94100	Labor	585,468	-	-	-	1,766	-	-	-
94200	Materials and other	183,587	-	-	-	16	-	-	-
94300	Contracts	559,896	-	-	-	4,447	-	-	-
94500	Employee benefits contribution	381,764	-	-	-	-	-	-	-
	Total ordinary maintenance & operations	1,710,715	-	-	-	6,229	-	-	-

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Neighborhood Stabilization Program	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activities	Blended Component Unit	COCC	Elimination	Total Entity
REVENUE										
70300	Net tenant rental revenue	\$ 1,063,683	\$ 84,132	\$ 154,433	\$ -	\$ 2,515,654	\$ -	\$ -	\$ -	\$ 6,470,618
70400	Tenant revenue - other	8,076	350	600	-	38,337	-	-	-	103,263
70500	Total tenant revenue	1,071,759	84,482	155,033	-	2,553,991	-	-	-	6,573,881
70600	HUD PHA operating grants	-	-	-	38,506	-	-	-	-	42,117,911
706.10	Capital grants	-	-	-	-	-	-	-	-	658,564
70710	Management fee	-	-	-	-	-	-	1,031,023	(1,031,023)	-
70720	Asset Management fee	-	-	-	-	-	-	62,670	(62,670)	-
70730	Bookkeeping fee	-	-	-	-	-	-	589,576	(589,576)	-
70750	Other Service Fees	-	-	-	-	-	-	2,592	-	2,592
70800	Other governmental grants	-	-	-	-	-	23,440,285	-	(23,440,285)	-
71100	Investment income - unrestricted	29,894	-	-	-	53,207	13,250	9,967	-	131,526
71400	Fraud recovery	-	-	-	-	-	-	-	-	332,032
71500	Other revenue	3,421	412	-	-	1,753,240	55,968	158,545	(135,000)	2,016,355
71600	Gain or loss on sale of capital assets	-	-	-	-	107,151	-	8,835	-	118,816
72000	Investment Income - Restricted	-	-	-	-	-	-	-	-	-
70000	Total revenue	1,105,074	84,894	155,033	38,506	4,467,589	23,509,503	1,863,208	(25,258,554)	51,951,677
EXPENSES										
Administrative:										
91100	Administrative salaries	31,518	9,455	21,910	-	119,206	181,126	702,476	-	2,467,673
91200	Auditing fees	2,200	-	-	-	-	1,100	22,659	-	49,959
91300	Management fee	94,765	7,320	16,104	-	160,217	-	-	(1,031,023)	125,778
91310	Bookkeeping fee	10,080	900	1,980	-	5,370	293,678	-	(589,576)	1
91400	Advertising	135	-	-	-	3,166	-	12,207	-	16,396
91500	Employee benefit contributions - admin	(113,336)	50,455	70,203	-	238,243	52,493	71,919	-	1,529,362
91600	Office expense	41,824	426	17,401	-	79,337	51,727	180,475	(135,000)	598,768
91700	Legal expense	1,423	158	316	-	62,468	7,867	46,095	-	147,663
91800	Travel	1,705	50	407	-	6,315	17,037	21,963	-	56,829
91900	Other	66,000	-	-	-	-	56,560	364	-	126,814
	Total administrative	136,314	68,764	128,321	-	674,322	661,588	1,058,158	(1,755,599)	5,119,243
92000	Asset Management Fee	-	-	-	-	-	-	-	(62,670)	-
Tenant services:										
92100	Salaries	-	-	-	23,200	1,296	-	162	-	175,543
92200	Relocation costs	-	-	-	-	-	-	-	-	-
92300	Employee benefit contributions	-	-	-	15,194	-	-	-	-	83,276
92400	Other	-	-	-	-	40,788	-	-	-	74,838
	Total tenant services	-	-	-	38,394	42,084	-	162	-	333,657
Utilities:										
93100	Water	2,197	216	373	-	36,791	255	1,484	-	156,543
93200	Electricity	935	702	177	-	29,699	1,356	9,389	-	102,627
93300	Gas	1,213	891	259	-	11,935	548	2,709	-	59,579
93400	Fuel	-	-	-	-	-	-	-	-	-
93600	Sewer	36,069	5,030	8,241	-	155,256	502	-	-	511,049
93800	Other utilities expense	-	-	80	-	218	1,549	21,027	-	33,491
	Total utilities	40,414	6,839	9,130	-	233,899	4,210	34,609	-	863,289
Ordinary maintenance & operations:										
94100	Labor	64,894	8,240	8,147	-	197,742	1,605	9,193	-	877,055
94200	Materials and other	42,954	1,744	-	-	86,302	-	3,902	-	318,505
94300	Contracts	118,399	14,231	19,380	-	207,480	13,263	43,511	-	980,607
94500	Employee benefits contribution	13,759	4,431	4,358	-	131,227	-	3,738	-	539,277
	Total ordinary maintenance & operations	240,006	28,646	31,885	-	622,751	14,868	60,344	-	2,715,444

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Project Total	Moving to Work - Low Rent	Moving to Work - HCV	Moving to Work - CFP	MTW - Demonstration Program	Section 8 Housing Assistance Payments	Section 8 MOD - SRO	Section 8 Moderate Rehabilitation	Shelter Plus Care
EXPENSES (Continued)										
Protective services:										
95100	Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Other contract costs	-	-	-	-	-	-	-	-	-
95300	Other	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions	-	-	-	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	-	-	-	-	-
96110	Property insurance	60,489	-	-	-	-	-	-	-	-
96120	Liability insurance	12,240	-	-	-	-	-	-	-	-
96130	Workmen's Compensation	23,944	-	-	-	25,786	-	-	-	-
96140	All other insurance	24,638	-	-	-	597	-	-	-	-
96100	Total insurance premiums	121,311	-	-	-	26,383	-	-	-	-
General expenses:										
96200	Other general expenses	4,658	-	-	-	60,636	23,440,285	-	-	-
96210	Compensated absences	22,469	-	-	-	6,695	-	-	-	-
96300	Payment in lieu of taxes	224,439	-	-	-	-	-	-	-	-
96400	Bad debt - tenant rents	18,405	-	-	-	61,753	-	-	-	-
96600	Bad debt - other	-	-	-	-	-	-	-	-	-
96000	Total general expenses	269,971	-	-	-	129,084	23,440,285	-	-	-
96710	Interest of mortgage payable	-	-	-	-	-	-	-	-	-
96720	Interest on notes payable	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-
96700	Total interest expense and amortization	-	-	-	-	-	-	-	-	-
96900	Total operating expenses	4,399,342	-	-	-	2,854,516	23,440,285	5,404	1,681	-
97000	Excess of operating revenue over operating expenses	(1,661,058)	1,380,280	16,963,023	741,010	(2,349,800)	-	170,647	37,059	4,035
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-
97200	Casualty Losses- Non-capitalized	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	14,582,349	103,451	17,975	-	-
97350	HAP Portability-in	-	-	-	-	73,423	-	-	-	-
97400	Depreciation expense	1,252,092	-	-	-	3,935	-	-	-	-
97500	Fraud Losses	-	-	-	-	-	-	-	-	-
90000	Total expenses	5,651,434	-	-	-	17,514,223	23,440,285	108,855	19,656	-
Other financing sources (uses):										
10010	Operating transfer in	2,121,290	-	-	-	19,084,313	-	-	-	-
10020	Operating transfer out	-	(1,380,280)	(16,963,023)	(741,010)	(2,121,290)	-	-	-	-
10080	Special items (net gain/loss)	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	2,121,290	(1,380,280)	(16,963,023)	(741,010)	16,963,023	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ (791,860)	\$ -	\$ -	\$ -	\$ (46,484)	\$ -	\$ 67,196	\$ 19,084	\$ 4,035

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Neighborhood Stabilization Program	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activities	Blended Component Unit	COCC	Elimination	Total Entity
EXPENSES (Continued)										
Protective services:										
95100	Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
95200	Other contract costs	-	-	-	-	-	-	-	-	-
95300	Other	-	-	-	-	-	-	-	-	-
95500	Employee benefit contributions	-	-	-	-	-	-	-	-	-
95000	Total protective services	-	-	-	-	-	-	-	-	-
96110	Property insurance	7,571	805	1,772	-	6,263	-	-	-	76,900
96120	Liability insurance	1,532	163	359	-	1,222	-	-	-	15,516
96130	Workmen's Compensation	2,216	800	772	112	9,433	-	16,051	-	79,114
96140	All other insurance	3,299	221	486	-	2,528	2,727	11,449	-	45,945
96100	Total insurance premiums	14,618	1,989	3,389	112	19,446	2,727	27,500	-	217,475
General expenses:										
96200	Other general expenses	668	48	162	-	9,156	-	10,000	(23,440,285)	85,328
96210	Compensated absences	826	-	-	-	2,243	-	1,740	-	33,973
96300	Payment in lieu of taxes	-	-	-	-	-	-	-	-	224,439
96400	Bad debt - tenant rents	18,748	-	5,487	-	-	-	-	-	104,393
96600	Bad debt - other	-	-	-	-	-	-	-	-	-
96000	Total general expenses	20,242	48	5,649	-	11,399	-	11,740	(23,440,285)	448,133
96710	Interest of mortgage payable	-	-	-	-	57,071	-	-	-	57,071
96720	Interest on notes payable	-	-	-	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-	-	-	-
96700	Total interest expense and amortization	-	-	-	-	57,071	-	-	-	57,071
96900	Total operating expenses	451,594	106,286	178,374	38,506	1,660,972	683,393	1,192,513	(25,258,554)	9,754,312
97000	Excess of operating revenue over operating expenses	653,480	(21,392)	(23,341)	-	2,806,617	22,826,110	670,695	-	42,197,365
97100	Extraordinary maintenance	-	-	-	-	-	-	-	-	-
97200	Casualty Losses- Non-capitalized	-	-	-	-	-	-	-	-	-
97300	Housing assistance payments	-	-	-	-	148,177	22,658,777	-	-	37,510,729
97350	HAP Portability-in	-	-	-	-	-	-	-	-	73,423
97400	Depreciation expense	459,755	51,369	73,328	-	529,850	67	30,219	-	2,400,615
97500	Fraud Losses	-	-	-	-	-	-	-	-	-
90000	Total expenses	911,349	157,655	251,702	38,506	2,338,999	23,342,237	1,222,732	(25,258,554)	49,739,079
Other financing sources (uses):										
10010	Operating transfer in	-	-	-	-	-	-	-	(21,205,603)	-
10020	Operating transfer out	-	-	-	-	-	-	-	21,205,603	-
10080	Special items (net gain/loss)	-	-	-	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-	-	-
10100	Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
10000	EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENSES	\$ 193,725	\$ (72,761)	\$ (96,669)	\$ -	\$ 2,128,590	\$ 167,266	\$ 640,476	\$ -	\$ 2,212,598

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Project Total	Moving to Work - Low Rent	Moving to Work - HCV	Moving to Work - CFP	MTW - Demonstration Program	Section 8 Housing Assistance Payments	Section 8 MOD - SRO	Section 8 Moderate Rehabilitation	Shelter Plus Care
Memo Account Information										
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	9,815,513	-	-	-	(1,409,591)	-	(19,097)	313	1,920
11040	Prior period adjustments, equity transfers correction	2,256,859	-	-	-	(238,414)	-	-	-	-
11170	Administrative fee equity	-	-	-	-	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	-	-	-	-
11190	Unit months available	9,012	-	-	-	33,288	-	264	60	-
11210	Number of unit months leased	8,863	-	-	-	31,096	-	264	60	-
11270	Excess cash	506,473	-	-	-	-	-	-	-	-
11620	Building purchases	615,492	-	-	-	-	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	31,116	-	-	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	9,803	-	-	-	-	-	-	-	-
11650	Leasehold Improvements Purchases	2,153	-	-	-	-	-	-	-	-

**HOUSING AUTHORITY OF THE CITY OF RENO
FINANCIAL DATA SCHEDULE
YEAR ENDED JUNE 30, 2018**

Line Item#	Accounts Description	Neighborhood Stabilization Program	Housing Investment Partnerships	Dollar Home Sales	Resident Opportunity and Supportive Services	Business Activities	Blended Component Unit	COCC	Elimination	Total Entity
Memo Account Information										
11020	Required annual debt principal payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030	Beginning equity	18,044,387	1,683,445	1,452,292	-	15,171,764	2,334,504	(647,364)	-	46,428,086
11040	Prior period adjustments, equity transfers correction	(20,469)	(4,395)	(6,757)	-	(242,913)	225,199	140,460	-	2,109,570
11170	Administrative fee equity	-	-	-	-	-	-	-	-	-
11180	Housing assistance payments equity	-	-	-	-	-	-	-	-	-
11190	Unit months available	1,336	144	288	-	4,296	38,088	-	-	86,776
11210	Number of unit months leased	1,336	110	249	-	4,296	38,088	-	-	84,362
11270	Excess cash	-	-	-	-	-	-	-	-	506,473
11620	Building purchases	-	-	-	-	-	-	8,270	-	623,762
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	148,837	-	179,953
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-	-	9,803
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	2,153



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Reno (the Authority), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 28, 2019.

Internal Control over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Housing Authority of the City Reno’s Response to Findings

The Authority’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



CliftonLarsonAllen LLP

Baltimore, Maryland
March 28, 2019



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Reno's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2018. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-002, that we consider to be a significant deficiency.

Board of Commissioners
Housing Authority of the City of Reno

The Authority's response to the internal control over compliance finding identified in our audit is described in the accompanying corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
March 28, 2019

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

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

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs

CFDA Number(s)

14.881
14.195/14.249/14.856

Name of Federal Program or Cluster

Moving to Work Demonstration Program
Section 8 Project-Based Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 1,280,748

Auditee qualified as low-risk auditee?

yes no

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018**

Section II – Financial Statement Findings

2018 – 001 CORRECTION OF AN ERROR

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition: The Authority did not have internal controls in place to ensure proper capitalization of capital assets purchased in prior years with capital fund program funds.

Criteria: The internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: A prior period adjustment of \$2,473,229 was required to restate beginning net position and capture prior year capital asset purchases and related depreciation.

Cause: The predecessor Director of Finance applied incorrect accounting treatment over the capital assets that were purchased with capital fund program funds. Rather than capitalizing the assets, they were fully expensed in the year purchased.

Repeat Finding: No.

Context: During the fiscal year, management determined that capital assets and accumulated depreciation related to the capital fund program was understated in prior years. This resulted in a correction of an error as of July 1, 2017 for \$2,473,229.

Recommendation: We recommend that the Authority implement controls in order to ensure proper capitalization of capital assets in the fiscal year of purchase.

Views of responsible officials: There is no disagreement with the audit finding.

**HOUSING AUTHORITY OF THE CITY OF RENO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018**

Section III – Federal Award Findings and Questioned Costs

2018 – 002

Federal agency: U.S. Department of Housing and Urban Development
Federal program title: Section 8 Moderate Rehabilitation Single Room Occupancy; Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation
CFDA Number: 14.249; 14.856
Award Period: July 1, 2017 – June 30, 2018
Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Authority is required to submit the HUD-52681 Voucher for Payment of Annual Contributions and Operation Statement (OMB No. 2577-0169) annually to HUD.

Condition: The Authority has not submitted its fiscal year 2018 HUD-52681 forms.

Questioned costs: None

Context: The entire population of forms was tested. two out of two required forms were not submitted.

Cause: The Authority had staff turnover in the position that was responsible for submission of the annual forms.

Effect: The Authority is unable to record the year-end adjustments to capture overpayment due HUD or the underpayment due to the Authority for the MOD and SRO projects that are a result of the HUD-approved settlement statements.

Repeat Finding: No

Recommendation: We recommend that the Authority implement controls in order to ensure timely submission of the annual HUD-52681 forms.

Views of responsible officials: There is no disagreement with the audit finding.



Housing Authority of the City of Reno

HOUSING AUTHORITY OF THE CITY OF RENO SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2018

U.S. Department of Housing and Urban Development

The Housing Authority of the City of Reno respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

Audit period: July 1, 2017 – June 30, 2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2017 – 001 During the 2017 Fiscal Year the Authority's accounting records were not maintained in an accurate and timely manner

Condition: The Authority's required "audited" and "unaudited" submissions to REAC were not completed and submitted within the required due dates for their submission. The Authority's audited submission to the Federal Audit Clearinghouse was also not completed and submitted prior to the required due date.

Status: The finding was corrected in 2018.

If the U.S. Department of Housing and Urban Development has questions regarding this schedule, please call April J. Lawson at 773-473-9920.



Housing Authority of the City of Reno

HOUSING AUTHORITY OF THE CITY OF RENO CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2018

U.S. Department of Housing and Urban Development

The Housing Authority of the City of Reno respectfully submits the following corrective action plan for the year ended June 30, 2018.

Audit period: July 1, 2017 - June 30, 2018

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2018-001 Correction of an Error

Recommendation: We recommend that the Authority implements controls in order to ensure proper capitalization of capital assets in the fiscal year of purchase.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Authority properly recorded capital assets during FY17 and FY18 under the direction of the current Director of Finance. During FY18, the Authority discovered that capital assets had not been properly recorded in prior years. Immediate action was taken to thoroughly research and record any and all capital assets not previously recorded by former Directors.

Name(s) of the contact person(s) responsible for corrective action: April J. Lawson

Planned completion date for corrective action plan: March 15, 2019

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Housing and Urban Development

2018-002 Section 8 Moderate Rehabilitation Single Room Occupancy - CFDA No. 14.249

Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation - CFDA No. 14.856

Recommendation: We recommend that the Authority implements controls in order to ensure timely submission of the annual HUD-52681 forms to HUD.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The Authority recently established a relationship with a contact at HUD who provided us with guidance as to the proper reporting deadlines and to whom reporting should be directed in the future. Calendaring and adhering to her guidance/schedule will alleviate any future reporting issues.

Name(s) of the contact person(s) responsible for corrective action: April J Lawson

Planned completion date for corrective action plan: 03-20-19

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call April J. Lawson at 775-473-9920.