

RICHLAND COUNTY HOUSING AUTHORITY  
Sidney, Montana

BASIC FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTAL INFORMATION  
AND  
SUPPLEMENTAL INFORMATION

Year Ended March 31, 2014

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## INDEPENDENT AUDITOR'S REPORT

Randal D. Niewedde, CPA  
Jeffrey J. Wiens, CPA

**Independent Auditor's Report**

To the Board of Commissioners  
Richland County Housing Authority

**Report on the Basic Financial Statements**

We have audited the accompanying basic financial statements of the Richland County Housing Authority, as of and for the year ended March 31, 2014, and the related notes to the basic financial statements, which collectively comprise the Richland County Housing Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Basic Financial Statements***

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

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

***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Housing Authority, as of March 31, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Richland County Housing Authority's basic financial statements. The Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Award as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Award are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Award 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 December 8, 2014 on our consideration of the Richland County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Richland County Housing Authority's internal control over financial reporting and compliance.

*Niewedde & Wiens, CPAs*

York, Nebraska  
December 8, 2014

REQUIRED SUPPLEMENTAL INFORMATION -  
MANAGEMENT'S DISCUSSION AND ANALYSIS

RICHLAND COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2014

This section of the Richland County Housing Authority's annual financial report presents our managements analysis of the Authority's financial performance during the fiscal year ended on March 31, 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

**FINANCIAL HIGHLIGHTS**

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of March 31, 2014 was \$4,045,595. The net position decreased by \$138,440, a decrease of 3.3% from the prior year. Of this amount, \$432,205 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to citizens, creditors and operations of facilities.

Operating revenues for the Authority was \$835,738 for the year ended March 31, 2014. This was an increase of 18% over the prior year.

Operating expenses for the Authority were \$1,197,436 for the year ended March 31, 2014. This was an increase of 11% over the prior year.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Basic Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required by HUD*. The Authority's basic financial statements are presented as fund level financial statements because the Authority only has a single proprietary fund.

**Required Basic Financial Statements**

*Proprietary Fund Financial Statements* - The financial statements of the Housing Authority report information of 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 the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources and obligations of the Authority creditors. It also provides the basis for 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 Fund 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 user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. 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

RICHLAND COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2014

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)**

come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The Authority reports a single enterprise fund.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information Required By HUD*. HUD has established *Uniform Financial Reporting Standards* that requires the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2014 and is required to be included in the audit reporting package.

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$4,045,595 at the close of the year ended March 31, 2014. This represents a decrease of \$138,440, or 3.3% from the prior year.

Unrestricted net position was \$432,205 which was a \$25,974 increase. The change in unrestricted net position by program was as follows:

	Balance	Increase/ (Decrease)
Public Housing	\$ 348,340	\$ 20,892
Housing Choice Voucher	(15,454)	(16,373)
Management	6,804	(34,839)
Big Sky	(19,698)	4,102
Lincoln 1	95,329	46,882
Lincoln 2	17,379	8,643
Lincoln 3	(494)	(3,334)
	<u>\$ 432,205</u>	<u>\$ 25,974</u>

The changes above were related to routine operations and no other significant factors impacted them.

A portion of the Authority's net position reflects its net investment in capital assets (e.g. land, buildings and equipment less accumulated depreciation and related debt). The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

RICHLAND COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2014

**FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)**

**CONDENSED STATEMENTS OF NET POSITION**

	FY 2014	FY 2013	Dollar Change	Percent Change
Current and other assets	\$ 1,283,340	\$ 1,257,413	\$ 25,928	2.1%
Capital assets	3,376,081	3,552,088	(176,007)	-5.0%
Total Assets	<u>4,659,421</u>	<u>4,809,500</u>	<u>(150,079)</u>	-3.1%
Current liabilities	137,509	134,887	2,622	1.9%
Long-term debt	472,346	484,018	(11,672)	-2.4%
Other noncurrent liabilities	3,971	6,560	(2,589)	-39.5%
Total Liabilities	<u>613,826</u>	<u>625,465</u>	<u>(11,639)</u>	-1.9%
Net Position				
Net investment in capital assets	2,892,063	3,057,026	(164,963)	-5.4%
Restricted	721,327	720,778	549	0.1%
Unrestricted	432,205	406,231	25,974	6.4%
Total Net Position	<u>\$ 4,045,595</u>	<u>\$ 4,184,035</u>	<u>\$ (138,440)</u>	-3.3%

Restricted net position increased by \$549 with no significant changes within the various restricted items.

Current and other assets increased \$25,928. Within this cash and investments decreased \$23,046 which was offset by increases in receivables and prepaid expenses. The receivable from other governments increased \$23,260 due to the timing of when grant funds were requisitioned. Prepaid expenses increased largely due to a change in computer software that resulted in an annual prepaid software support.

While the Statement of Net Position shows the change in net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

As noted in the table on the next page, rental income increased by \$52,281. Richland County and the surrounding geographical area are part of the Bakken oil formation. The resulting oil exploration and distribution has caused a large influx of workers to the area, many previously unemployed. Many tenants who occupied units prior to this fiscal year are at the flat rent due to increases in their wages. Available workers are in high demand and can two to three times the minimum wage to start employment without experience. Our rental revenue increase is due to the family members working at higher paying jobs.

RICHLAND COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2014

**FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

	FY 2014	FY 2013	Dollar Change	Percent Change
<b>Revenues</b>				
Program revenues				
Rental	\$ 572,231	\$ 519,949	\$ 52,281	10.1%
Program contributions	416,294	309,212	107,081	34.6%
Management fees	64,083	60,973	3,110	5.1%
Other	39,943	41,515	(1,573)	-3.8%
General revenues				
Interest	2,327	3,352	(1,025)	-30.6%
Other	2,137	138,232	(136,095)	-98.5%
Total Revenues	1,097,014	1,073,234	23,780	2.2%
<b>Expenses</b>				
Operating, less depreciation	918,035	812,952	105,083	12.9%
Depreciation	279,401	268,359	11,041	4.1%
Nonoperating	29,790	27,772	2,018	7.3%
Total Expenses	1,227,226	1,109,083	118,143	10.7%
Excess (Deficiency) Before Contributions and Special Items	(130,212)	(35,849)	(94,363)	
Contributions	-	142,559	(142,559)	
Special items, net	(8,228)	(62,759)	54,530	
Changes in Net Position	(138,440)	43,952	(182,392)	
Beginning net position	4,184,035	4,140,083	43,952	
Ending net position	\$ 4,045,595	\$ 4,184,035	\$ (138,440)	

Below is a table showing unit months available and the number of units leased:

	Unit Months Available	Units Months Leased		Change	Occupancy Rate	
		2014	2013		2013	2013
Public Housing	960	941	964	(23)	98%	99%
Big Sky	144	140	131	9	97%	91%
Lincoln 1	192	189	192	(3)	98%	100%
Lincoln 2	96	95	93	2	99%	97%
Lincoln 3	144	140	137	3	97%	95%
	1536	1505	1517	-12	98%	98%

RICHLAND COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2014

**FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)**

Program contributions includes Public Housing operating subsidy and capital fund grants used for noncapital purposes, HAP and administrative revenues in the Housing Choice Voucher program, rental assistance and interest subsidy. Program contributions increased by \$107,081 with the Housing Choice Voucher program having an increase of \$73,265. In the prior year HUD reduced the funding to have the Authority utilize its restricted net position. Operating subsidy in the Public Housing program decreased \$67,514 due to the disposition of units. The Authority used \$99,482 of its capital fund grants for operations when none were in the prior year.

The \$138,232 of the decrease was related to the gain on the sale of homes in the Public Housing homeownership program in the prior year.

Operating expenses increased by \$105,083. Within this, administrative expenses increased \$75,047 within this. In 2013, the Senior Occupancy Specialist with over 25 years experience took an early retirement. The decision was made to hire two employees to cover this position, since that time both of the new hired employees have quit and have taken employment elsewhere. Presently we are on our sixth employee for public housing since January, 2013. Additionally, the Executive Director is scheduled to retire in 2015 and a replacement was hired in 2011 for that purpose. The Deputy Director salary is commiserate with the expectations of her assuming the position.

The Authority had no HUD capital contributions for the year ended March 31, 2014. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent form year to year based on the Agency's number and type of units. The amount presented will vary from year to year depending on the timing of awards, project implementation and expenditures within budgets as outlined in the HUD approved capital grant budgets.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** – The Richland County Housing Authority's capital assets as of March 31, 2014 were \$3,376,081. The capital assets includes land, buildings, improvements, equipment and construction in progress net of accumulated depreciation.

The total decrease in the Authority's net investment in capital assets for the current fiscal year was 5.4% in terms of net book value. However, actual expenditures to purchase or construct capital assets were \$116,756.20 for the year. During the 2014 fiscal year the housing authority purchased new snow removal equipment, three furnaces for rental units, and a new copier. The housing authority also replaced flooring in several units.

Depreciation for the year totaled \$279,401. Additional information on the Authority's capital assets can be found in Note H of the notes to the basic financial statements of this report.

RICHLAND COUNTY HOUSING AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2014

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CON'TD)**

**Debt Administration** – The debt activity for the year ended March 31, 2014 was related to the required payments on the USDA held mortgages for Big Sky, Lincoln 2 and Lincoln 3. No new debt was issued during the year. Additional information on the Authority's debt can be found in Note L of the notes to the basic financial statements of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Richland County Housing Authority considered many factors when approving the fiscal year 2015 budget. There will be further funding reductions in the Public Housing Operating Subsidy and Capital Fund grants due to the demolition of 28 public housing units in 2014. The high cost of privately owned rentals far exceeding the fair market rent for the area has also brought uncertainty in the Voucher program, making its use restricted and nearly nonexistent in the private sector. The combination of all of these factors gave Commissioners cause to be conservative. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable in the Public Housing Program. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates.

As sequestration is set to return in the next 16 months, the Board of Commissioners and the Management are concerned that severe subsidy cuts in 2015 will result in significant reductions in the services offered to housing authority participants. The Housing Authority has reduced staff by 915 hours per year, did not employ seasonal maintenance staff for the first time in 10 years, and will be looking at reducing the hours on nonessential employees after the first of the year.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Richland County Housing Authority, 1032 6<sup>th</sup> Street S.W., Sidney, Montana, 59270.

## BASIC FINANCIAL STATEMENTS

RICHLAND COUNTY HOUSING AUTHORITY  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
March 31, 2014

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	372,908.34
Accounts receivable, net		26,646.06
Due from other governments		56,879.60
Accrued interest receivable		6.22
Inventory, net		19,913.67
Prepaid expenses		43,723.07
<i>Restricted:</i>		
Cash and cash equivalents		<u>65,895.64</u>
<b>TOTAL CURRENT ASSETS</b>		<b>585,972.60</b>

NONCURRENT ASSETS:

<i>Restricted:</i>		
Cash and cash equivalents		544,867.62
Notes receivable		152,500.00
Capital Assets, non-depreciable		520,257.11
Capital Assets, depreciable, net		<u>2,855,823.59</u>
<b>TOTAL NONCURRENT ASSETS</b>		<b>4,073,448.32</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>4,659,420.92</u></b>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$	22,818.86
Accrued salaries and wages payable		14,165.20
Compensated absences payable		9,676.77
Due to other governments		29,715.23
Unearned revenue		7,525.00
Current portion of long-term debt		11,672.32
Trust and deposit liabilities		<u>41,936.00</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>137,509.38</b>

NONCURRENT LIABILITIES

Mortgage payable		472,345.68
Compensated absences payable		<u>3,971.05</u>
<b>TOTAL NONCURRENT LIABILITIES</b>		<b>476,316.73</b>
<b>TOTAL LIABILITIES</b>		<b><u>613,826.11</u></b>

NET POSITION

Net investment in capital assets		2,892,062.70
<i>Restricted for:</i>		
Housing assistance payments		23,959.64
Homeownership proceeds		606,852.12
Program receipts		27,108.58
Replacement reserve		63,406.92
Unrestricted		<u>432,204.85</u>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b><u>4,045,594.81</u></b>

RICHLAND COUNTY HOUSING AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET POSITION - PROPRIETARY FUND  
 Year Ended March 31, 2014

OPERATING REVENUES		
Rental income	\$	572,230.67
HUD contributions		130,104.00
USDA rental assistance		29,378.01
Management fee income		64,083.00
Other income		39,942.63
	TOTAL OPERATING REVENUES	<u>835,738.31</u>
OPERATING EXPENSES		
Administrative		345,114.98
Utilities		69,729.77
Ordinary maintenance and operations		248,621.94
General expense		139,860.79
Housing assistance payments		114,708.00
Depreciation		279,400.59
	TOTAL OPERATING EXPENSES	<u>1,197,436.07</u>
	OPERATING INCOME (LOSS)	<u>(361,697.76)</u>
NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		149,058.00
HUD capital fund grant		99,482.00
Interest income		2,327.01
USDA interest subsidy		8,271.60
Gain on disposition of capital assets		2,137.38
Interest expense		(29,790.09)
	TOTAL NONOPERATING REVENUES(EXPENSES)	<u>231,485.90</u>
	INCOME(LOSS) BEFORE SPECIAL ITEMS	<u>(130,211.86)</u>
SPECIAL ITEMS		
Energy audit		(8,228.40)
	INCREASE (DECREASE) IN NET POSITION	<u>(138,440.26)</u>
NET POSITION:		
Net position, beginning balance		4,184,035.07
	TOTAL NET POSITION - ENDING BALANCE \$	<u><u>4,045,594.81</u></u>

RICHLAND COUNTY HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
Year Ended March 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:		
Rental receipts		\$ 596,562.11
HUD receipts		128,018.00
USDA rental assistance		23,067.01
Management fees		57,730.53
Other receipts		6,234.47
Trust and deposits		2,238.00
Cash payments for goods and services		(488,804.24)
Cash payments to employees for services		(420,149.72)
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(95,103.84)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
HUD operating subsidy		179,252.00
HUD capital grants		42,828.40
Change in receivables/payables between managed properties		(226.00)
Special items - energy audit		(8,228.40)
	NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>213,626.00</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases and construction of capital assets		(115,447.20)
Proceeds from sale of capital assets		6,000.00
Mortgage principal payments		(11,044.02)
Interest paid on capital debt		(23,406.99)
	NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(143,898.21)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (deposits) withdrawals to investments		49,994.86
Interest received		2,329.90
	NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	<u>52,324.76</u>
	NET INCREASE (DECREASE) IN CASH	26,948.71
CASH AND CASH EQUIVALENTS-BEGINNING		<u>956,722.89</u>
	CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 983,671.60</u>

RICHLAND COUNTY HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)  
Year Ended March 31, 2014

RECONCILIATION OF INCOME (LOSS) FROM  
OPERATIONS TO NET CASH PROVIDED  
(USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$	(361,697.76)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation		279,400.59
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		(11,079.87)
(Increase) decrease in due from other governments		3,426.00
(Increase) decrease in prepaid expenses		(11,584.44)
(Increase) decrease in inventory		976.31
Increase (decrease) in accounts payable		(9.06)
Increase (decrease) in accrued leave		527.79
Increase (decrease) in accrued salaries		11.46
Increase (decrease) in due to other governments		1,464.14
Increase (decrease) in trust and deposit liabilities		2,238.00
Increase (decrease) in unearned revenue		1,223.00
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$	<u>(95,103.84)</u>

RICHLAND COUNTY HOUSING AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2014

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Authority was established in 1949. The Authority is governed by a board of commissioners appointed by the County Commissioners of Richland County, Montana. The purpose of the Authority is to administer the housing programs authorized by the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture, Rural Development department.

The basic financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's basic financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the basic financial statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred out flows of resources, liabilities, deferred inflows of resources, fund net position, revenues and expenditures or expenses, as appropriate.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

RICHLAND COUNTY HOUSING AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses and Changes in Fund Net Position. For this purpose, the Authority's operating revenues result from providing low-income housing services such as tenant rent, rental assistance and other tenant charges. Operating expenses include the cost attributed to administration, tenant services, utilities, maintenance and operations and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

The reporting model as defined in Statement No. 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major funds. If non-major funds exist, these funds are combined in a single column in the fund financial statements. The Authority combines all of its programs into a sole major fund. The Authority has the following programs:

**Public Housing Program.** This program accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The development of the projects were funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

**Housing Choice Voucher.** This program accounts for the operation of the Housing Choice Voucher program which is funded primarily by the U.S. Department of Housing and Urban Development. The program funds housing assistance payments to eligible low-income housing participants.

**Management Fund.** This program accounts for the activities of the Authority related to the management of the Dawson County Housing Authority, Crestwood Inn property of the Richland Affordable Housing, Corporation and the rental properties owned by the Authority known as Big Sky, Lincoln 1, Lincoln 2 and Lincoln 3.

**Big Sky.** This program accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The development of the projects were funded primarily by the U.S. Department of Agriculture through loans. The program receives rental assistance from the U.S. Department of Agriculture.

**Lincoln 1.** This program accounts for the operation and maintenance of 50 housing units which are owned by the Authority. The program is subsidized annually by rental assistance from HUD.

RICHLAND COUNTY HOUSING AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

***Lincoln 2.*** This program accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The development of the projects were funded primarily by the U.S. Department of Agriculture through loans. The program receives rental assistance from the U.S. Department of Agriculture.

***Lincoln 3.*** This program accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The development of the projects were funded primarily by the U.S. Department of Agriculture through loans. The program receives rental assistance from the U.S. Department of Agriculture.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these basic financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

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

RICHLAND COUNTY HOUSING AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

Inventory

Inventories consist of supplies and are recorded at the lower of cost or market on a first-in, first-out basis.

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at fair market value at the date donated. The Authority capitalized assets with a cost of \$500 or more and over a one year of life.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted components of net position are available, the Authority's policy is to apply restricted first.

Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average pooled cash and investments balance.

Compensated Absences

Paid time off (PTO) can be accumulated and carried over between years at a rate of 120 hours for full time and 80 hours for part time employees. Employees may draw 50% of the PTO balance during the month of January.

Grant Revenue

The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

RICHLAND COUNTY HOUSING AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 March 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 45.

Income Taxes

The Authority is a governmental subdivision of the State of Montana and is exempt from Federal and State income taxes.

Leases

The majority of leases and subleases are short-term operating leases.

NOTE B - DEPOSITS AND INVESTMENTS

At March 31, 2014, the reported amount of the Authority's deposits was \$983,571.60 and the bank balance was \$991,942.67. Of the bank balance, \$537,590.55 was covered by insurance, \$454,352.12 was covered by collateral pledged in the Authority's name.

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at March 31, 2014 is as follows:

Tenant receivables	\$ 6,280.75
Management	21,296.91
Miscellaneous	1,172.40
Allowance for doubtful accounts	<u>(2,104.00)</u>
	<u>\$ 26,646.06</u>

RICHLAND COUNTY HOUSING AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 March 31, 2014

NOTE D – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at March 31, 2014 is as follows:

HUD - Capital funds	\$ 56,653.60
Dawson County Housing Authority	<u>226.00</u>
	<u>\$ 56,879.60</u>

NOTE E – PREPAID EXPENSES

A summary of prepaid expenses as presented in the Statement of Net Position at March 31, 2014 is as follows:

Insurance	\$ 37,648.93
Computer support	5,268.14
Miscellaneous	<u>806.00</u>
	<u>\$ 43,723.07</u>

NOTE F – NOTES RECEIVABLE

The Authority has additional notes receivable totaling \$152,500. These notes are related to homes sold under the Authority's Homebuyer programs. The notes are secured by second mortgages on the properties. The term of the notes are eleven years and require no payments until maturity as long as the terms of the notes are met. The use of the proceeds from these notes are restricted in accordance with the terms of the Section 32 Homeownership Program.

NOTE G – RESTRICTED ASSETS

The following is a summary of restricted assets at March 31, 2014:

**Restricted Cash and Cash Equivalents**

Security deposits	\$ 41,936.00
Housing Assistance Payments	23,959.64
Homeownership program	454,352.12
Replacement Reserve	63,406.92
CDBG grant	<u>27,108.58</u>
	<u>\$ 610,763.26</u>

Notes receivable of \$152,500 are restricted in accordance with the terms of the Section 32 Homeownership Program.

RICHLAND COUNTY HOUSING AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 March 31, 2014

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2014, was as follows:

	Balance 4/1/2013	Increases	Decreases	Balance 3/31/2014
<b>Non-depreciable assets:</b>				
Land	\$ 520,257.11	\$ -	\$ -	\$ 520,257.11
Construction in progress	-	-	-	-
<b>Total non-depreciable assets</b>	<u>520,257.11</u>	<u>-</u>	<u>-</u>	<u>520,257.11</u>
<b>Depreciable assets</b>				
Buildings	6,778,023.99	51,797.66	-	6,829,821.65
Equipment - Dwelling	117,648.59	5,552.00	(4,898.79)	118,301.80
Equipment - Administration	127,042.62	59,406.54	(30,240.75)	156,208.41
<b>Total depreciable assets</b>	<u>7,022,715.20</u>	<u>116,756.20</u>	<u>(35,139.54)</u>	<u>7,104,331.86</u>
<b>Total Capital Assets</b>	<u>7,542,972.31</u>	<u>116,756.20</u>	<u>(35,139.54)</u>	<u>7,624,588.97</u>
<b>Accumulated depreciation</b>				
Buildings	3,808,785.21	261,069.56	-	4,069,854.77
Equipment - Dwelling	69,729.39	8,794.43	(1,719.51)	76,804.31
Equipment - Administration	112,370.00	9,536.60	(20,057.41)	101,849.19
Total accumulated depreciation	<u>3,990,884.60</u>	<u>279,400.59</u>	<u>(21,776.92)</u>	<u>4,248,508.27</u>
<b>Depreciable assets, net</b>	<u>3,031,830.60</u>	<u>(162,644.39)</u>	<u>(13,362.62)</u>	<u>2,855,823.59</u>
<b>Capital assets, net</b>	<u>\$ 3,552,087.71</u>	<u>\$ (162,644.39)</u>	<u>\$ (13,362.62)</u>	<u>\$ 3,376,080.70</u>

NOTE I – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at March 31, 2014 is as follows:

Vendors and contractors    \$ 22,818.86

NOTE J – DUE TO OTHER GOVERNMENTS

A summary of due to other governments as presented in the Statement of Net Position at March 31, 2014 is as follows:

Richland County, Montana:  
 Payments in lieu of taxes                    \$ 29,715.23

RICHLAND COUNTY HOUSING AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 March 31, 2014

NOTE K – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at March 31, 2014 is as follows:

Prepaid rent	\$	6,927.00
HCV administrative fees		598.00
	\$	<u>7,525.00</u>

NOTE L – LONG-TERM DEBT

Big Sky

The Authority has a two Rural Rental Housing loans with the U.S. Department of Agriculture Rural Development related to the project known as Big Sky. The loans are dated September 1, 2005 and December 1, 2006. The loans had an original principal amount of \$126,492.39 and \$95,275.00. The mortgages bears an interest rate of 5.375% and 6%, however, the interest is subsidized by Rural Development so that the actual payment is based upon an interest rate of 1%. Both loans require a combined monthly debt service payment of \$713.29. The outstanding balances as of March 31, 2014 were of \$108,217.22 and \$84,969.37. The loans are secured by the property known as Big Sky and the accounts and revenue of the project.

Lincoln 2

The Authority has a two Rural Rental Housing loans with the U.S. Department of Agriculture Rural Development related to the project known as Lincoln 2. The loans are dated September 1, 2005 and December 1, 2006. The loans had an original principal amount of \$74,739.67 and \$74,005. The mortgages bear and interest rate of 5.375% and 6%, however, the interest is subsidized by Rural Development so that the actual payment is based upon an interest rate of 1%. Both loans require a combined monthly debt service payment of \$478.42. The outstanding balances as of March 31, 2014 were of \$63,941.50 and \$65,999.64. The loans are secured by the property known as Lincoln 2 and the accounts and revenue of the project.

Lincoln 3

The Authority has a Rural Rental Housing loan with the U.S. Department of Agriculture Rural Development related to the project known as Lincoln 3. The loan is dated September 1, 2005 and had an original principal amount of \$188,060.30. The mortgage bears an interest rate of 5.375%, however, the interest is subsidized by Rural Development so that the actual payment is based upon an interest rate of 1%. Both loans require a combined monthly debt service payment of \$604.87. The outstanding balance as of March 31, 2014 was \$160,890.27. The loan is secured by the property known as Lincoln 3 and the accounts and revenue of the project.

RICHLAND COUNTY HOUSING AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2014

NOTE L – LONG-TERM DEBT (CONT'D)

A summary of changes in mortgage payable as of March 31, 2014 is as follows:

Description	Balance 3/31/2013	Issued	Retired	Balance 3/31/2014	Within One Year
Big Sky	\$ 197,493.95	\$ -	\$ 4,307.36	\$ 193,186.59	\$ 4,555.85
Lincoln 2	132,802.43	-	2,861.29	129,941.14	3,027.61
Lincoln 3	164,765.64	-	3,875.37	160,890.27	4,088.86
Total	\$ <u>495,062.02</u>	\$ <u>-</u>	\$ <u>11,044.02</u>	\$ <u>484,018.00</u>	\$ <u>11,672.32</u>

Principal and interest requirements for the mortgage are as follows:

	Principal	Interest	Total
2015	\$ 11,672.32	\$ 26,665.76	\$ 38,338.08
2016	12,336.53	26,001.55	38,338.08
2017	13,038.62	25,299.46	38,338.08
2018	13,780.78	24,557.30	38,338.08
2019	14,565.30	23,772.78	38,338.08
2020 - 2024	86,254.40	105,436.00	191,690.40
2025 - 2029	113,792.37	77,898.03	191,690.40
2030 - 2034	150,152.13	41,538.27	191,690.40
2035 - 2037	68,425.55	4,309.25	72,734.80
	\$ <u>484,018.00</u>	\$ <u>355,478.40</u>	\$ <u>839,496.40</u>

NOTE M – ACCRUED COMPENSATED ABSENCES

A summary of accrued compensated absences as presented in the Statement of Net Position as of March 31, 2014 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Compensated absences	\$ <u>13,120.03</u>	\$ <u>23,990.85</u>	\$ <u>(23,463.06)</u>	\$ <u>13,647.82</u>	\$ <u>9,676.77</u>

NOTE N – NET POSITION

The fund financial statements utilize a net position presentation. The components of net position are net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. Deferred outflows of resources

RICHLAND COUNTY HOUSING AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2014

NOTE N – NET POSITION (CONT'D)

and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

- **Restricted** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Restricted net position of \$606,852.12 are restricted in accordance with the terms of the Section 32 Homeownership Program.

Restricted net position of \$23,959.64 in the Housing Choice Voucher program are restricted for future housing assistance payments.

Restricted net position of \$27,108.58 in the Management program are restricted for rehabilitation of single family homes in Richland County for those who are income eligible according to Community Development Block Grant (CDBG) regulations.

Restricted net position of \$63,406.92 in the Big Sky, Lincoln 1, Lincoln2 and Lincoln 3 programs consisted of funds restricted for a replacement reserve.

NOTE O – PENSION PLAN

The Authority participates in a mandatory cost-sharing multiple employer defined benefit plan, which covers all full-time employees. The Public Employee Retirement System (PERS) is established by State law and is administered by the Department of Administration of the State of Montana. The plan provides retirement, disability, and death benefits to plan members and beneficiaries.

The plan issues publicly available annual reports that include financial statements and required supplemental information for the plan. The report can be obtained at P.O. Box 200131, 1712 Ninth Avenue, Helena, Montana, 59620-0131. The financial statements for PERS include activity for a defined benefit and a defined contribution retirement plan. The defined contribution plan is available to all active members starting July 1, 2002. The assets of one retirement plan can not be comingled with those of another plan.

Contribution rates are expressed as percentage of covered payroll, which are determined by the State law and were 7.07% for the employer and 6.9% for the employee.

RICHLAND COUNTY HOUSING AUTHORITY  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 March 31, 2014

NOTE O – PENSION PLAN

The amounts contributed by both employees and the Authority for the three years end March 31 were as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Employer	\$ 34,367.35	\$ 30,221.57	\$ 30,007.27
Employee	33,540.98	29,494.88	29,285.74
	<u>\$ 67,908.33</u>	<u>\$ 59,716.45</u>	<u>\$ 59,293.01</u>

NOTE P – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance.

During the year ended March 31, 2014, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE Q – CONTINGENT LIABILITIES

The Authority receives revenues from various federal and state grant programs, which are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE R – SUBSEQUENT EVENTS

The Authority received approval to demolish 28 Public Housing units that consisted of seven four-plexes. Six of the four-plexes were demolished after March 31, 2014. The seventh will be demolished after the tenants are rehoused. The remaining land will be subsequently donated to a future tax-credit housing project.

SUPPLEMENTAL INFORMATION

RICHLAND COUNTY HOUSING AUTHORITY  
PROGRAM SCHEDULE OF NET POSITION  
March 31, 2014

ASSETS	Public Housing	Housing Choice Voucher	Management Fund	Big Sky
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 264,186.21	\$ -	\$ -	\$ -
Accounts receivable, net	1,172.50	-	21,296.91	236.05
Due from other governments	56,879.60	-	-	-
Accrued interest receivable	6.22	-	-	-
Inventory, net	10,976.67	-	8,937.00	-
Interfund receivable	40,175.22	-	-	-
Prepaid expenses	26,743.77	1,967.71	1,703.33	3,642.07
<i>Restricted:</i>				
Cash and cash equivalents	31,840.00	23,959.64	-	1,765.00
<b>TOTAL CURRENT ASSETS</b>	<u>431,980.19</u>	<u>25,927.35</u>	<u>31,937.24</u>	<u>5,643.12</u>
<b>NONCURRENT ASSETS:</b>				
<i>Restricted:</i>				
Cash and investments	454,352.12	-	27,108.58	25,168.58
Notes receivable	152,500.00	-	-	-
Capital Assets, non-depreciable	481,557.11	-	-	9,250.00
Capital Assets, depreciable, net	1,928,045.55	583.85	1,242.14	187,662.74
<b>TOTAL NONCURRENT ASSETS</b>	<u>3,016,454.78</u>	<u>583.85</u>	<u>28,350.72</u>	<u>222,081.32</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,448,434.97</u>	<u>\$ 26,511.20</u>	<u>\$ 60,287.96</u>	<u>\$ 227,724.44</u>
 <b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 7,082.03	\$ 940.49	\$ 10,069.73	\$ 1,450.23
Accrued salaries and wages payable	6,188.63	757.03	7,219.54	-
Compensated absences payable	4,666.21	571.98	4,438.58	-
Due to other governments	29,715.23	-	-	-
Interfund payable	-	14,290.52	1,558.24	21,862.67
Unearned revenue	2,289.00	598.00	-	263.00
Current portion of long-term debt	-	-	-	4,555.85
Trust and deposit liabilities	31,840.00	-	-	1,765.00
<b>TOTAL CURRENT LIABILITIES</b>	<u>81,781.10</u>	<u>17,158.02</u>	<u>23,286.09</u>	<u>29,896.75</u>
<b>NONCURRENT LIABILITIES</b>				
Mortgage payable	-	-	-	188,630.74
Compensated absences payable	1,859.57	264.15	1,847.33	-
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>1,859.57</u>	<u>264.15</u>	<u>1,847.33</u>	<u>188,630.74</u>
<b>TOTAL LIABILITIES</b>	<u>83,640.67</u>	<u>17,422.17</u>	<u>25,133.42</u>	<u>218,527.49</u>
 <b>NET POSITION</b>				
Net investment in capital assets	2,409,602.66	583.85	1,242.14	3,726.15
<i>Restricted for:</i>				
Housing assistance payments	-	23,959.64	-	-
Homeownership proceeds	606,852.12	-	-	-
Program receipts	-	-	27,108.58	-
Replacement reserve	-	-	-	25,168.58
Unrestricted	348,339.52	(15,454.46)	6,803.82	(19,697.78)
<b>TOTAL NET POSITION</b>	<u>\$ 3,364,794.30</u>	<u>\$ 9,089.03</u>	<u>\$ 35,154.54</u>	<u>\$ 9,196.95</u>

	Lincoln 1	Lincoln 2	Lincoln 3	Totals
\$	92,669.56	\$ 16,052.57	-	\$ 372,908.34
	2,176.00	470.00	1,294.60	26,646.06
	-	-	-	56,879.60
	-	-	-	6.22
	-	-	-	19,913.67
	-	-	-	40,175.22
	4,036.46	2,518.66	3,111.07	43,723.07
	<u>2,755.00</u>	<u>2,010.00</u>	<u>3,566.00</u>	<u>65,895.64</u>
	101,637.02	21,051.23	7,971.67	626,147.82
	-	15,416.52	22,821.82	544,867.62
	-	-	-	152,500.00
	9,100.00	9,250.00	11,100.00	520,257.11
	448,348.79	110,091.35	179,849.17	2,855,823.59
	<u>457,448.79</u>	<u>134,757.87</u>	<u>213,770.99</u>	<u>4,073,448.32</u>
\$	<u>559,085.81</u>	<u>\$ 155,809.10</u>	<u>221,742.66</u>	<u>\$ 4,699,596.14</u>
\$	1,358.72	\$ 837.31	\$ 1,080.35	\$ 22,818.86
	-	-	-	14,165.20
	-	-	-	9,676.77
	-	-	-	29,715.23
	-	-	2,463.79	40,175.22
	2,194.00	825.00	1,356.00	7,525.00
	-	3,027.61	4,088.86	11,672.32
	<u>2,755.00</u>	<u>2,010.00</u>	<u>3,566.00</u>	<u>41,936.00</u>
	6,307.72	6,699.92	12,555.00	177,684.60
	-	126,913.53	156,801.41	472,345.68
	-	-	-	3,971.05
	-	<u>126,913.53</u>	<u>156,801.41</u>	<u>476,316.73</u>
	<u>6,307.72</u>	<u>133,613.45</u>	<u>169,356.41</u>	<u>654,001.33</u>
	457,448.79	(10,599.79)	30,058.90	2,892,062.70
	-	-	-	23,959.64
	-	-	-	606,852.12
	-	-	-	27,108.58
	-	15,416.52	22,821.82	63,406.92
	95,329.30	17,378.92	(494.47)	432,204.85
\$	<u>552,778.09</u>	<u>\$ 22,195.65</u>	<u>52,386.25</u>	<u>\$ 4,045,594.81</u>

**RICHLAND COUNTY HOUSING AUTHORITY**  
**PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN NET POSITION**  
**Year Ended March 31, 2014**

	Public Housing	Housing Choice Voucher	Management Fund	Big Sky
<b>OPERATING REVENUES</b>				
Rental income	\$ 335,304.38	\$ -	\$ -	\$ 42,352.49
HUD contributions	-	130,104.00	-	-
USDA rental assistance	-	-	-	13,941.00
Management fee income	-	-	149,223.00	-
Other income	19,468.10	-	5,055.11	4,799.50
<b>TOTAL OPERATING REVENUES</b>	<b>354,772.48</b>	<b>130,104.00</b>	<b>154,278.11</b>	<b>61,092.99</b>
<b>OPERATING EXPENSES</b>				
Administrative	158,255.21	32,484.23	137,370.57	14,384.49
Utilities	38,152.09	-	-	10,391.97
Ordinary maintenance and operations	197,765.06	1,947.92	37,478.00	10,019.83
General expense	97,095.44	3,346.00	12,970.24	5,978.98
Housing assistance payments	-	114,708.00	-	-
Depreciation	215,445.13	107.79	1,212.05	11,266.23
<b>TOTAL OPERATING EXPENSES</b>	<b>706,712.93</b>	<b>152,593.94</b>	<b>189,030.86</b>	<b>52,041.50</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(351,940.45)</b>	<b>(22,489.94)</b>	<b>(34,752.75)</b>	<b>9,051.49</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
HUD operating subsidy	149,058.00	-	-	-
HUD capital funds grant	99,482.00	-	-	-
Interest income	1,982.77	0.12	11.62	8.07
USDA interest subsidy	-	-	-	5,466.00
Gain (loss) on disposition of capital assets	4,849.09	-	-	-
Interest expense	-	-	-	(12,032.12)
<b>TOTAL NONOPERATING REVENUES(EXPENSES)</b>	<b>255,371.86</b>	<b>0.12</b>	<b>11.62</b>	<b>(6,558.05)</b>
<b>INCOME(LOSS) BEFORE SPECIAL ITEMS</b>	<b>(96,568.59)</b>	<b>(22,489.82)</b>	<b>(34,741.13)</b>	<b>2,493.44</b>
<b>SPECIAL ITEMS</b>				
Energy audit	(8,228.40)	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(104,796.99)</b>	<b>(22,489.82)</b>	<b>(34,741.13)</b>	<b>2,493.44</b>
<b>NET POSITION:</b>				
Net position, beginning balance	3,469,591.29	31,578.85	69,895.67	6,703.51
<b>TOTAL NET POSITION - ENDING BALANCE</b>	<b>\$ 3,364,794.30</b>	<b>\$ 9,089.03</b>	<b>\$ 35,154.54</b>	<b>\$ 9,196.95</b>

	Lincoln 1	Lincoln 2	Lincoln 3	Totals
\$	107,770.00	\$ 33,221.00	53,582.80	\$ 572,230.67
	-	-	-	130,104.00
	-	6,611.01	8,826.00	29,378.01
	-	-	-	149,223.00
	4,428.11	2,936.75	3,255.06	39,942.63
	<u>112,198.11</u>	<u>42,768.76</u>	<u>65,663.86</u>	<u>920,878.31</u>
	21,822.06	7,389.08	16,009.34	387,714.98
	7,957.33	5,876.70	7,351.68	69,729.77
	23,354.13	8,454.48	12,142.52	291,161.94
	10,605.02	2,787.49	7,077.62	139,860.79
	-	-	-	114,708.00
	<u>33,346.68</u>	<u>6,674.96</u>	<u>11,347.75</u>	<u>279,400.59</u>
	<u>97,085.22</u>	<u>31,182.71</u>	<u>53,928.91</u>	<u>1,282,576.07</u>
	<u>15,112.89</u>	<u>11,586.05</u>	<u>11,734.95</u>	<u>(361,697.76)</u>
	-	-	-	149,058.00
	-	-	-	99,482.00
	312.17	4.91	7.35	2,327.01
	-	2,805.60	-	8,271.60
	(2,711.71)	-	-	2,137.38
	-	(7,641.62)	(10,116.35)	(29,790.09)
	<u>(2,399.54)</u>	<u>(4,831.11)</u>	<u>(10,109.00)</u>	<u>231,485.90</u>
	<u>12,713.35</u>	<u>6,754.94</u>	<u>1,625.95</u>	<u>(130,211.86)</u>
	-	-	-	(8,228.40)
	<u>12,713.35</u>	<u>6,754.94</u>	<u>1,625.95</u>	<u>(138,440.26)</u>
	540,064.74	15,440.71	50,760.30	4,184,035.07
\$	<u>552,778.09</u>	<u>\$ 22,195.65</u>	<u>52,386.25</u>	<u>\$ 4,045,594.81</u>

RICHLAND COUNTY HOUSING AUTHORITY  
PROGRAM SCHEDULE OF CASH FLOWS  
Year Ended March 31, 2014

	Public Housing	Housing Choice Voucher	Management Fund	Big Sky
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Tenant receipts	\$ 345,949.61	\$ -	\$ -	\$ 45,577.94
HUD receipts	-	128,018.00	-	-
USDA rental assistance	-	-	-	15,480.00
Management fees	-	-	133,133.53	-
Other receipts	106.36	-	5,055.11	1,073.00
Trust and deposits	(185.00)	-	-	231.00
Cash payments for goods and services	(230,284.46)	(139,624.56)	(33,589.00)	(42,977.68)
Cash payments to employees for services	(253,333.55)	(13,255.62)	(153,560.55)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(137,747.04)	(24,862.18)	(48,960.91)	19,384.26
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
HUD operating subsidy	179,252.00	-	-	-
HUD capital grants	42,828.40	-	-	-
Change in receivables/payables between managed properties	(226.00)	-	-	-
Special items - energy audit	(8,228.40)	-	-	-
Changes in interfund balances	(40,175.22)	14,290.52	25,594.51	(2,173.60)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	173,450.78	14,290.52	25,594.51	(2,173.60)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases and construction of capital assets	(93,707.75)	-	(5,791.54)	(3,112.00)
Proceeds from sale of capital assets	6,000.00	-	-	-
Mortgage principal payments	-	-	-	(4,307.36)
Interest paid on capital debt	-	-	-	(7,330.30)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(87,707.75)	-	(5,791.54)	(14,749.66)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Net (deposits) withdrawals to investments	49,994.86	-	-	-
Interest received	1,985.66	0.12	11.62	8.07
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	51,980.52	0.12	11.62	8.07
NET INCREASE (DECREASE) IN CASH	(23.49)	(10,571.54)	(29,146.32)	2,469.07
CASH AND CASH EQUIVALENTS-BEGINNING	750,401.82	34,531.18	56,254.90	24,464.51
CASH AND CASH EQUIVALENTS-ENDING	\$ 750,378.33	\$ 23,959.64	\$ 27,108.58	\$ 26,933.58

	Lincoln 1	Lincoln 2	Lincoln 3	Totals
\$	109,446.55	\$ 37,673.75	57,914.26	\$ 596,562.11
	-	-	-	128,018.00
	-	7,587.01	-	23,067.01
	-	-	9,737.00	142,870.53
	-	-	-	6,234.47
	(100.00)	910.00	1,382.00	2,238.00
	(59,142.96)	(25,266.27)	(43,059.31)	(573,944.24)
	-	-	-	(420,149.72)
	50,203.59	20,904.49	25,973.95	(95,103.84)
	-	-	-	179,252.00
	-	-	-	42,828.40
	-	-	-	(226.00)
	-	-	-	(8,228.40)
	-	-	2,463.79	-
	-	-	2,463.79	213,626.00
	(1,890.00)	(421.00)	(10,524.91)	(115,447.20)
	-	-	-	6,000.00
	-	(2,861.29)	(3,875.37)	(11,044.02)
	-	(5,353.75)	(10,722.94)	(23,406.99)
	(1,890.00)	(8,636.04)	(25,123.22)	(143,898.21)
	-	-	-	49,994.86
	312.17	4.91	7.35	2,329.90
	312.17	4.91	7.35	52,324.76
	48,625.76	12,273.36	3,321.87	26,948.71
	46,798.80	21,205.73	23,065.95	956,722.89
\$	<u>95,424.56</u>	<u>\$ 33,479.09</u>	<u>26,387.82</u>	<u>\$ 983,671.60</u>

RICHLAND COUNTY HOUSING AUTHORITY  
PROGRAM SCHEDULE OF CASH FLOWS  
Year Ended March 31, 2014

	Public Housing	Housing Choice Voucher	Management Fund	Big Sky
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (351,940.45)	\$ (22,489.94)	\$ (34,752.75)	\$ 9,051.49
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	215,445.13	107.79	1,212.05	11,266.23
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	7,652.39	-	(21,296.91)	962.95
(Increase) decrease in due from other governments	-	-	-	1,539.00
(Increase) decrease in prepaid expenses	(4,940.78)	(1,678.05)	(1,413.67)	(1,040.74)
(Increase) decrease in inventory	976.31	-	-	-
Increase (decrease) in accounts payable	(4,167.87)	323.81	5,227.42	(2,245.67)
Increase (decrease) in accrued leave	(1,456.99)	557.03	1,427.75	-
Increase (decrease) in accrued salaries	(1,106.43)	482.69	635.20	-
Increase (decrease) in due to other governments	1,543.65	(79.51)	-	-
Increase (decrease) in trust and deposit liabilities	(185.00)	-	-	231.00
Increase (decrease) in unearned revenue	433.00	(2,086.00)	-	(380.00)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(137,747.04)</u>	\$ <u>(24,862.18)</u>	\$ <u>(48,960.91)</u>	\$ <u>19,384.26</u>

	Lincoln 1	Lincoln 2	Lincoln 3	Totals
\$	15,112.89	\$ 11,586.05	\$ 11,734.95	\$ (361,697.76)
	33,346.68	6,674.96	11,347.75	279,400.59
	536.30	950.00	115.40	(11,079.87)
	-	976.00	911.00	3,426.00
	(856.96)	(935.50)	(718.74)	(11,584.44)
	-	-	-	976.31
	435.68	176.98	240.59	(9.06)
	-	-	-	527.79
	-	-	-	11.46
	-	-	-	1,464.14
	(100.00)	910.00	1,382.00	2,238.00
	1,729.00	566.00	961.00	1,223.00
\$	<u>50,203.59</u>	<u>\$ 20,904.49</u>	<u>\$ 25,973.95</u>	<u>\$ (95,103.84)</u>

RICHLAND COUNTY HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
March 31, 2014

Line Item No.	Description	Rural Rental Housing Assistance					Elimination	Totals
		Public Housing	Voucher	Business	Rural Rental Housing Loan 10.415	10.427		
<b>Balance Sheet</b>								
111	Cash-unrestricted	264,186	-	92,670	16,053	-	-	372,908
113	Cash-other restricted	454,352	23,960	27,109	63,407	-	-	568,827
114	Cash-tenant security deposits	31,840	-	2,755	7,341	-	-	41,936
100	<b>Total Cash</b>	<b>750,378</b>	<b>23,960</b>	<b>122,533</b>	<b>86,800</b>	-	-	<b>983,672</b>
122-020	Accounts receivable - HUD other projects - Capital fund	56,654	-	-	-	-	-	56,654
122	Accounts receivable - HUD other projects	56,654	-	-	-	-	-	56,654
124	Account receivable - other government	226	-	-	-	-	-	226
125-050	Account receivable - miscellaneous - Other	1,172	-	21,297	-	-	-	22,469
125	Account receivable - miscellaneous	1,172	-	21,297	-	-	-	22,469
126	Accounts receivable - tenants	2,104	-	2,176	2,001	-	-	6,281
126.1	Allowance for doubtful accounts - tenants	(2,104)	-	-	-	-	-	(2,104)
129	Accrued interest receivable	6	-	-	-	-	-	6
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>58,058</b>	-	<b>23,473</b>	<b>2,001</b>	-	-	<b>83,532</b>
142	Prepaid expenses and other assets	26,744	1,968	5,740	9,272	-	-	43,723
143	Inventories	13,721	-	8,937	-	-	-	22,658
143.1	Allowance for obsolete inventories	(2,744)	-	-	-	-	-	(2,744)
144	Inter program - due from	40,175	-	-	-	-	(40,175)	-
150	<b>Total Current Assets</b>	<b>886,332</b>	<b>25,927</b>	<b>160,683</b>	<b>98,073</b>	-	<b>(40,175)</b>	<b>1,130,840</b>
161	Land	481,557	-	9,100	29,600	-	-	520,257
162	Buildings	5,607,632	-	598,441	623,749	-	-	6,829,822
163	Furniture, equipment and machinery - dwellings	71,929	-	19,145	27,228	-	-	118,302
164	Furniture, equipment and machinery - administration	151,104	1,902	2,757	446	-	-	156,208
166	Accumulated depreciation	(3,902,619)	(1,318)	(170,752)	(173,819)	-	-	(4,248,508)
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>2,409,603</b>	<b>584</b>	<b>458,691</b>	<b>507,203</b>	-	-	<b>3,376,081</b>
171-050	Notes, Loans, & mortgages receivable - Non-current - Other	152,500	-	-	-	-	-	152,500
171	Notes, Loans, & mortgages receivable - Non-current	152,500	-	-	-	-	-	152,500
180	<b>Total Non-current Assets</b>	<b>2,562,103</b>	<b>584</b>	<b>458,691</b>	<b>507,203</b>	-	-	<b>3,528,581</b>
190	<b>Total Assets</b>	<b>3,448,435</b>	<b>26,511</b>	<b>619,374</b>	<b>605,276</b>	-	<b>(40,175)</b>	<b>4,659,421</b>
200	Deferred Outflow of Resources	-	-	-	-	-	-	-
290	<b>Total Assets and Deferred Outflow of Resources</b>	<b>3,448,435</b>	<b>26,511</b>	<b>619,374</b>	<b>605,276</b>	-	<b>(40,175)</b>	<b>4,659,421</b>
312	Accounts payable <= 90 days	3,764	940	1,355	807	-	-	6,866
321	Accrued wage/payroll taxes payable	6,189	757	7,220	-	-	-	14,165
322	Accrued compensated absences - current portion	4,666	572	4,439	-	-	-	9,677
333	Accounts payable - other government	29,715	-	-	-	-	-	29,715
341	Tenant security deposits	31,840	-	2,755	7,341	-	-	41,936
342-030	Unearned revenue - Other	2,289	598	2,194	2,444	-	-	7,525
342	Unearned revenue	2,289	598	2,194	2,444	-	-	7,525
343-020	Capital Projects/ Mortgage Revenue	-	-	-	11,672	-	-	11,672
343	Current portion of long-term debt - capital projects/mortgage revenue bonds	-	-	-	11,672	-	-	11,672
346	Accrued liabilities - other	3,318	-	10,073	2,561	-	-	15,953
347	Inter program - due to	-	14,291	1,558	24,326	-	(40,175)	-
310	<b>Total Current Liabilities</b>	<b>81,781</b>	<b>17,158</b>	<b>29,594</b>	<b>49,152</b>	-	<b>(40,175)</b>	<b>137,509</b>
351-020	Long-term - Capital Projects/ Mortgage Revenue	-	-	-	472,346	-	-	472,346
351	Capital Projects/ Mortgage Revenue Bonds	-	-	-	472,346	-	-	472,346
354	Accrued compensated absences- Non-current	1,860	264	1,847	-	-	-	3,971
350	<b>Total Non-current liabilities</b>	<b>1,860</b>	<b>264</b>	<b>1,847</b>	<b>472,346</b>	-	-	<b>476,317</b>
300	<b>Total Liabilities</b>	<b>83,641</b>	<b>17,422</b>	<b>31,441</b>	<b>521,497</b>	-	<b>(40,175)</b>	<b>613,826</b>
508.4	Net Investment in Capital Assets	2,409,603	584	458,691	23,185	-	-	2,892,063
511.4	Restricted Net Position	606,852	23,960	27,109	63,407	-	-	721,327
512.4	Unrestricted Net Position	348,340	(15,454)	102,133	(2,813)	-	-	432,205
513	<b>Total Equity - Net Assets/Position</b>	<b>3,364,794</b>	<b>9,089</b>	<b>587,933</b>	<b>83,779</b>	-	-	<b>4,045,595</b>
600	<b>Total Liab., Def.Inflow of Res., and Equity - Net Assets/Position</b>	<b>3,448,435</b>	<b>26,511</b>	<b>619,374</b>	<b>605,276</b>	-	<b>(40,175)</b>	<b>4,659,421</b>

RICHLAND COUNTY HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
Year Ended March 31, 2014

Line Item No.	Description	Public Housing				Rural Rental Housing Loan	Rural Rental Housing Assistance	Elimination	Totals
		Operating Fund	Capital Fund	Voucher	Business	10.415	10.427		
<b>Income Statement</b>									
70300	Net tenant rental revenue	335,304	-	-	107,770	128,156	-	-	572,231
70400	Tenant revenue - other	19,362	-	-	4,428	9,918	-	-	33,708
70500	Total Tenant Revenue	354,666	-	-	112,198	138,075	-	-	605,939
70600-010	Housing assistance payments	n/a	n/a	108,699	n/a	n/a	n/a	n/a	108,699
70600-020	Ongoing administrative fees earned	n/a	n/a	21,405	n/a	n/a	n/a	n/a	21,405
70600	HUD PHA operating grants	149,058	99,482	130,104	-	-	-	-	378,644
70800	Other government grants	-	-	-	-	8,272	29,378	-	37,650
71100-020	Administrative Fee	n/a	n/a	0	n/a	n/a	n/a	n/a	0
71100	Investment income - unrestricted	1,983	-	0	324	-	-	-	2,307
71500	Other revenue	106	-	-	154,278	1,073	-	(85,140)	70,317
71600	Gain or loss on sale of capital assets	4,849	-	-	(2,712)	-	-	-	2,137
72000	Investment income - restricted	-	-	-	-	20	-	-	20
70000	<b>Total Revenue</b>	<b>510,662</b>	<b>99,482</b>	<b>130,104</b>	<b>264,089</b>	<b>148,440</b>	<b>29,378</b>	<b>(85,140)</b>	<b>1,097,015</b>
91100	Administrative salaries	85,602	-	8,867	81,619	-	-	-	176,088
91200	Auditing fees	4,290	-	2,340	1,512	1,608	-	-	9,750
91300	Management Fee	-	-	-	16,140	26,460	-	(42,600)	-
91400	Advertising and Marketing	634	-	83	91	66	-	-	875
91500	Employee benefit contributions - administrative	28,541	-	4,660	26,169	-	-	-	59,370
91600	Office Expenses	18,497	-	8,701	9,810	4,320	-	-	41,327
91700	Legal Expense	4,561	-	-	1,897	1,712	-	-	8,169
91800	Travel	8,928	-	4,238	5,696	2,867	-	-	21,729
91900	Other	7,202	-	3,596	16,259	750	-	-	27,807
91000	<b>Total Operating-Administrative</b>	<b>158,255</b>	<b>-</b>	<b>32,484</b>	<b>159,192</b>	<b>37,783</b>	<b>-</b>	<b>(42,600)</b>	<b>345,115</b>
93100	Water	20,957	-	-	1,546	4,786	-	-	27,289
93200	Electricity	4,145	-	-	1,432	4,906	-	-	10,484
93300	Gas	2,839	-	-	4,090	11,201	-	-	18,129
93600	Sewer	10,211	-	-	-	-	-	-	10,211
93800	Other utilities expense	-	-	-	890	2,726	-	-	3,617
93000	<b>Total Utilities</b>	<b>38,152</b>	<b>-</b>	<b>-</b>	<b>7,957</b>	<b>23,620</b>	<b>-</b>	<b>-</b>	<b>69,730</b>
94100	Ordinary maintenance and operations - labor	94,274	-	-	27,460	-	-	-	121,734
94200	Ordinary maintenance and operations - materials and other	36,068	-	1,948	3,596	2,726	-	-	44,338
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	1,936	-	-	468	385	-	-	2,789
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	225	-	-	-	-	-	-	225
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	19,545	-	-	-	-	-	-	19,545
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	8	-	-	-	870	-	-	878
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	1,808	-	-	-	-	-	-	1,808
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	4,100	-	-	300	900	-	-	5,300
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	1,897	-	-	672	1,909	-	-	4,478
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	7,483	-	-	19,569	23,827	-	(42,540)	8,339
94300	<b>Ordinary Maintenance and Operations Contracts</b>	<b>37,002</b>	<b>-</b>	<b>-</b>	<b>21,009</b>	<b>27,891</b>	<b>-</b>	<b>(42,540)</b>	<b>43,361</b>
94500	Employee benefit contribution - ordinary maintenance	30,422	-	-	8,767	-	-	-	39,189
94000	<b>Total Maintenance</b>	<b>197,765</b>	<b>-</b>	<b>1,948</b>	<b>60,832</b>	<b>30,617</b>	<b>-</b>	<b>(42,540)</b>	<b>248,622</b>
96110	Property Insurance	17,674	-	-	2,479	5,193	-	-	25,346
96120	Liability Insurance	2,239	-	1,288	1,981	1,440	-	-	6,948
96140	All Other Insurance	1,091	-	588	629	406	-	-	2,714
96100	<b>Total Insurance Premiums</b>	<b>21,005</b>	<b>-</b>	<b>1,876</b>	<b>5,089</b>	<b>7,039</b>	<b>-</b>	<b>-</b>	<b>35,009</b>
96200	Other general expenses	-	-	702	-	-	-	-	702
96210	Compensated absences	11,931	-	768	11,291	-	-	-	23,991
96300	Payments in lieu of taxes	47,571	-	-	2,178	4,843	-	-	54,592
96400	Bad debt - tenant rents	18,588	-	-	5,017	3,963	-	-	25,568
96000	<b>Total Other General Expenses</b>	<b>76,091</b>	<b>-</b>	<b>1,470</b>	<b>18,486</b>	<b>8,806</b>	<b>-</b>	<b>-</b>	<b>104,852</b>
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	29,790	-	-	29,790
96700	Interest expense and Amortization cost	-	-	-	-	29,790	-	-	29,790
96900	<b>Total Operating Expenses</b>	<b>491,268</b>	<b>-</b>	<b>37,778</b>	<b>261,557</b>	<b>137,654</b>	<b>-</b>	<b>(85,140)</b>	<b>833,117</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>19,394</b>	<b>99,482</b>	<b>92,326</b>	<b>12,531</b>	<b>10,785</b>	<b>29,378</b>	<b>-</b>	<b>263,897</b>
97300-050	All Other	n/a	n/a	114,708	n/a	n/a	n/a	n/a	114,708
97300	Housing assistance payments	-	-	114,708	-	-	-	-	114,708
97400	Depreciation expense	215,445	-	108	34,559	29,289	-	-	279,401
90000	<b>Total Expenses</b>	<b>706,713</b>	<b>-</b>	<b>152,594</b>	<b>286,116</b>	<b>166,943</b>	<b>-</b>	<b>(85,140)</b>	<b>1,227,226</b>
10010	Operating transfer in	99,482	-	-	-	29,378	-	(128,860)	-
10020	Operating transfer out	-	(99,482)	-	-	-	(29,378)	128,860	-
10080	Special items, net gain/loss	(8,228)	-	-	-	-	-	-	(8,228)
10100	<b>Total other financing sources (uses)</b>	<b>91,254</b>	<b>(99,482)</b>	<b>-</b>	<b>-</b>	<b>29,378</b>	<b>(29,378)</b>	<b>-</b>	<b>(8,228)</b>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>(104,797)</b>	<b>-</b>	<b>(22,490)</b>	<b>(22,027)</b>	<b>10,874</b>	<b>-</b>	<b>-</b>	<b>(138,440)</b>
11020	Required Annual Debt Principal Payments	-	-	-	-	11,044	-	-	11,044
11030	Beginning equity	3,469,591	-	31,579	609,960	72,905	-	-	4,184,035

RICHLAND COUNTY HOUSING AUTHORITY  
 FINANCIAL DATA SCHEDULE  
 Year Ended March 31, 2014

		<u>Public Housing</u>				Rural Rental Housing Loan	Rural Rental Housing Assistance		
Line Item No.	Description	Operating Fund	Capital Fund	Voucher	Business	10.415	10.427	Elimination	Totals
11170-001	Administrative Fee Equity- Beginning Balance	n/a	n/a	1,610	n/a	n/a	n/a	n/a	1,610
11170-010	Administrative Fee Revenue	n/a	n/a	21,405	n/a	n/a	n/a	n/a	21,405
11170-040	Investment Income	n/a	n/a	0	n/a	n/a	n/a	n/a	0
11170-050	Total Admin Fee Revenues	n/a	n/a	21,405	n/a	n/a	n/a	n/a	21,405
11170-080	Total Operating Expenses	n/a	n/a	37,778	n/a	n/a	n/a	n/a	37,778
11170-090	Depreciation	n/a	n/a	108	n/a	n/a	n/a	n/a	108
11170-110	Total Expenses	n/a	n/a	37,886	n/a	n/a	n/a	n/a	37,886
11170-002	Net Administrative Fee	n/a	n/a	(16,481)	n/a	n/a	n/a	n/a	(16,481)
11170-003	Administrative Fee Equity- Ending Balance	n/a	n/a	(14,871)	n/a	n/a	n/a	n/a	(14,871)
11170-005	Pre-2004 Admin Fee Reserve	n/a	n/a	6,534	n/a	n/a	n/a	n/a	6,534
11170-006	Post-2003 Admin Fee Reserve	n/a	n/a	(21,405)	n/a	n/a	n/a	n/a	(21,405)
11170	Administrative Fee Equity	n/a	n/a	(14,871)	n/a	n/a	n/a	n/a	(14,871)
11180-001	Housing Assistance Payments Equity - Beginning Balance	n/a	n/a	29,969	n/a	n/a	n/a	n/a	29,969
11180-010	Housing Assistance Payment Revenues	n/a	n/a	108,699	n/a	n/a	n/a	n/a	108,699
11180-030	Total HAP Revenues	n/a	n/a	108,699	n/a	n/a	n/a	n/a	108,699
11180-080	Housing Assistance Payments	n/a	n/a	114,708	n/a	n/a	n/a	n/a	114,708
11180-100	Total Housing Assistance Payments Expenses	n/a	n/a	114,708	n/a	n/a	n/a	n/a	114,708
11180-002	Net Housing Assistance Payments	n/a	n/a	(6,009)	n/a	n/a	n/a	n/a	(6,009)
11180-003	Housing Assistance Payments Equity-Ending Balance	n/a	n/a	23,960	n/a	n/a	n/a	n/a	23,960
11180	Housing Assistance Payments	n/a	n/a	23,960	n/a	n/a	n/a	n/a	23,960
11190-210	Total ACC HCV Units	n/a	n/a	1,200	n/a	n/a	n/a	n/a	1,200
11190-220	Unfunded Units	n/a	n/a	(577)	n/a	n/a	n/a	n/a	(577)
11190-230	Other Adjustments	n/a	n/a	-	n/a	n/a	n/a	n/a	-
11190	Unit Months Available	960	n/a	623	-	-	-	-	2,159
11210	Unit Months Leased	941	n/a	515	-	-	-	-	2,020
11620	Building Purchases	38,582	-	n/a	n/a	n/a	n/a	n/a	38,582
11630	Furniture & Equipment-Dwelling Purchases	2,820	-	n/a	n/a	n/a	n/a	n/a	2,820
11640	Furniture & Equipment-Administrative Purchases	57,644	-	n/a	n/a	n/a	n/a	n/a	57,644

**SINGLE AUDIT SECTION**

RICHLAND COUNTY HOUSING AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended March 31, 2014

Federal Grantor	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b>Section 8 Housing Choice Voucher Program</b>		
Section 8 Voucher	14.871	\$ 130,104.00
<b>Public and Indian Housing</b>		
Operating subsidy - Owned Housing	14.850	149,058.00
<b>Capital Funds</b>		
Capital Funds	14.872	<u>99,482.00</u>
Total U.S. Department of Housing and Urban Development		<u>378,644.00</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b>Rural Rental Housing Loan</b>		
Loan balance	10.415	484,018.00
Interest subsidy	10.415	<u>8,271.60</u>
		492,289.60
<b>Rural Rental Assistance Payments</b>		
	10.427	<u>29,378.01</u>
Total U.S. Department of Agriculture		<u>521,667.61</u>
Total Federal Award: \$		<u><u>900,311.61</u></u>

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Richland County Housing Authority and is presented in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

Randal D. Niewedde, CPA  
Jeffrey J. Wiens, CPA

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With Government Auditing Standards**

**Independent Auditor's Report**

To the Board of Commissioners  
Richland County Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Richland County Housing Authority, as of and for the year ended March 31, 2014, and the related notes to the basic financial statements, which collectively comprise Richland County Housing Authority's basic financial statements, and have issued our report thereon dated December 8, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered Richland County Housing 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Richland County Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Richland County Housing Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as Findings 2014-001 and 2014-002 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Richland County Housing Authority's basic 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*.

### **Richland County Housing Authority's Response to Findings**

Richland County Housing Authority's responses to the findings identified in our audit are described in the accompanying corrective action plan. Richland County Housing Authority's responses were not subjected to the auditing procedures applied in the audit of the basic 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Niewedde & Wiens, CPAs*

York, Nebraska  
December 8, 2014

Randal D. Niewedde, CPA

Jeffrey J. Wiens, CPA

**Report on Compliance For Each Major Federal Program; Report on Internal  
Control Over Compliance****Independent Auditor's Report**

To the Board of Commissioners  
Richland County Housing Authority

**Report on Compliance for Each Major Federal Program**

We have audited Richland County Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Richland County Housing Authority's major federal programs for the year ended March 31, 2014. Richland County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Richland County Housing 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*, issue by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Richland County Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Richland County Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2014.

## Report on Internal Control Over Compliance

Management of Richland County Housing 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 Richland County Housing 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Richland County Housing Authority's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2014-003 to be a material weakness.

Richland County Housing Authority's response to the internal control over compliance finding identified in our audit are described in the accompanying Corrective Action Plan. Richland County Housing 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Niewedde & Wiens, CPAs*

York, Nebraska  
December 8, 2014

RICHLAND COUNTY HOUSING AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
March 31, 2014

The audit report for the year ended March 31, 2013 contained two findings and no questioned costs. The status of those findings are as follows:

Section II

- Finding 2013-001: Cleared.

Section III

- Finding 2013-002: Partially cleared, see Finding 2014-003.

RICHLAND COUNTY HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
March 31, 2014

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

- We issued an unmodified opinion on the financial statements of the Richland County Housing Authority for the fiscal year ended March 31, 2014.

**Financial Statements:**

- The results of our audit procedures disclosed no instances of noncompliance which are material to the financial statements for the fiscal year ended March 31, 2014.
- The results of our audit procedures disclosed one material weakness in internal control over financial reporting for the fiscal year ended March 31, 2014 and is reported as Finding 2014-001 and 2014-002.

**Federal Awards:**

- The results of our audit procedures disclosed one material weakness in internal control over major programs for the fiscal year ended March 31, 2014. This is summarized in Section III of this schedule and is reported as Finding 2014-003.
- We issued an unmodified opinion on compliance for major programs for the fiscal year ended March 31, 2014.
- The results of our audit procedures disclosed one audit finding that is required to be reported under code section .510(a) of the OMB A-133 Circular.
- The programs identified and audited as major are as follows: Rural Rental Housing - 10.415 .
- The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- For the fiscal year ended March 31, 2014, the Richland County Housing Authority did not qualify as a low-risk auditee.

RICHLAND COUNTY HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
March 31, 2014

**Section II - Financial Statement Findings:**

**Finding 2014-001: Interfund balances/activity  
Material Weakness**

**Criteria:** The Authority should have a system in place to minimize interfund receivable/payables which would include timely reimbursements and monitoring, especially in programs where the programs funds are restricted solely for its purpose.

**Condition:** During our audit, we noted the balance owed to Public Housing from the Management program continued to increase during the year and was not being reimbursed on a consistent basis.

**Cause:** This was caused by a combination of the Authority not adequately reviewing interfund activity, the bank was automatically transferring funds from a Public Housing bank account to a Management bank account to maintain a minimum balance and delay in the Authority receiving its monthly accounting records from its fee accountant.

**Effect or Potential Effect:** The Authority's Public Housing program interfund receivables were not reimbursed timely effectively loaning the funds to other programs which is not allowable.

**Recommendation:** During the audit, we discussed with management a new system where the Authority was not so reliant on the allocation of expenses and monthly accounting records and would reimburse a set known fee to be paid monthly. The Authority should payback the accumulated balances and then make monthly reimbursements. Programs where reimbursement may not be feasible such as in the case of the Housing Choice Voucher program, the Authority may need to transfer funds from an unrestricted program such as Lincoln 1.

**Finding 2014-002: Rental Registers/Accounting  
Material Weakness**

**Criteria:** The Authority should have subsidiary monthly records which reconcile to the rental charge included as income within the accounting records.

**Condition:** During the fiscal year, the Authority switched the housing software the Public Housing program used. The rental register type document that the Authority forwarded to its fee accountant did not have a total which reported rental charges for the month but included rents paid in earlier periods. The credits then included the prior months collections and did not reconcile to the deposits at the bank. The Authority's fee accountant had to back into the rental charges by taking the difference between beginning and ending accounts receivable balances and collections which resulted in the Authority essential plugging the rental income. This system would not disclose if errors or other matters occurred.

RICHLAND COUNTY HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
March 31, 2014

**Section II - Financial Statement Findings (Cont'd):**

**Finding 2014-002: Internal Control Structure (Cont'd)**

**Cause:** The reports the Authority were generating were not adequate to allow for the proper accounting for rental income. The Authority's staff was not aware if the software would generate a report that would reflect the prior month's receivable balances, current months rental charges, collections and the end of the month receivable balances.

**Effect or Potential Effect:** The Authority accounting system for rental income in the Public Housing program would not disclose errors or other matters that may occur.

**Recommendation:** We recommend the Authority discuss this issue with its software provider and see if proper reports can be generated. The Authority should then communicate with its fee accountant to determine if it is receiving complete records that allow them to properly record the rental income and related activity.

**Section III - Federal Award Findings and Questioned Costs:**

**Finding 2014-003: Internal Control Structure - Eligibility  
Rural Rental Housing - 10.415  
Material Weakness**

**Criteria:** The Authority is responsible for establishing an effective internal control process to ensure the Authority complies with the requirements governing the Rural Rental Housing Cluster program.

**Condition:** The Authority had a turnover in staff where the Authority hired a new person to prepare the tenant files in the USDA program. In discussing the internal control process with the Executive Director and Assistance Executive Director, they did indicate they reviewed the files prepared by the new staff but did not document that review. Further, the Authority does not use a checklist or other document to make sure the files are complete and have required documentation.

**Cause:** The Authority had a turnover in staff and the controls that were subsequently established in the new structure were adequately documented.

**Effect:** The Authority did not have documented controls over tenant file requirements.

**Recommendation:** The Authority should document in its tenant files the supervisory review. Further, the Authority should consider establishing a checklist for staff to use to ensure the files are complete and accurate.



**RICHLAND  
COUNTY  
HOUSING AUTHORITY**

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Contact Person: Paul L. Groshart  
Executive Director

**HOUSING AUTHORITY RESPONSE TO  
AUDIT FINDINGS AND  
CORRECTIVE ACTION PLAN**

Finding 2014-001: Interfund Balances/activity. We agree with the finding. The Executive Director of the Housing Authority has prepared a new allocation spreadsheet with set monthly amounts to address salaries and wages starting on October 1, 2014. Additionally, increased payments from programs other than Public Housing will be made to address the accounts payable to the Public Housing Program. The Housing Choice Voucher Program shortfalls will be addressed by transferring funds from the unrestricted Lincoln 1 account if necessary. The completion will be by 10/31/2015.

Finding 2014-002: Rental Registers/Accounting. We agree with the finding. Staff and management have discussed the matter with the software provider and have solved the problem regarding the inadequate monthly report. The software report now generated discloses all of the accounts necessary to complete the the records for the month end. Staff will be in contact with the Fee Accountant to verify the completeness of the monthly reporting. The completion will be by 03/31/2015.

Finding 2014-003: Internal Control Structure-Eligibility Rural Rental Housing. We agree with the finding. Management or the senior occupancy staff technician will review each rural housing tenant file after move-in, move-out or recertification. Such review shall be documented in the file by the appropriate staff member. The revised review process started on October 5, 2014, and will be ongoing until all files have been reviewed but will be completed by 03/31/2015.