

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Basic Financial Statements, Management's Discussion and Analysis,
and Audit of Federal Awards Performed in Accordance with
U.S. Office of Management and Budget Circular A-133

September 30, 2005

(With Independent Auditors' Reports Thereon)

**ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY
(RRHA)**

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Independent Auditors' Report on Financial Statements and Supplementary Schedules

The Board of Commissioners
Roanoke Redevelopment and Housing Authority:

We have audited the accompanying basic financial statements of the Roanoke Redevelopment and Housing Authority (the Authority or RRHA) as of and for the year ended September 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Shenandoah Crossings, Limited Partnership and Stepping Stone, Limited Partnership, which represent 100% of the total assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions on the basic financial statements, insofar as they relate to the amounts included for Shenandoah Crossings, Limited Partnership and Stepping Stone, Limited Partnership in the aggregate discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Roanoke Redevelopment and Housing Authority and of its discretely presented component units as of September 30, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 14 of the notes to the basic financial statements, the net assets of one of the component units included in the aggregate discretely presented component units as of December 31, 2004 have been restated.



In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2005 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Financial Data Schedule on pages 34 through 53 is presented for purposes of additional analysis, as required by the U.S. Department of Housing and Urban Development. Both the Schedule of Expenditures of Federal Awards and the Financial Data Schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

December 16, 2005

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Management's Discussion and Analysis (MD&A)

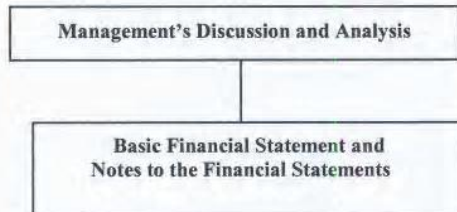
September 30, 2005

INTRODUCTION

The Roanoke Redevelopment and Housing Authority (the Authority or RRHA) is a political subdivision of the Commonwealth of Virginia and is empowered to implement housing, community development, redevelopment, and revitalization programs within the City of Roanoke (the City). The City created the Authority in 1949 under the provisions of the United States Housing Act of 1937. Under title 36 of the Code of Virginia, the Authority has the power to acquire, lease, and improve property; to acquire via eminent domain; to make loans or grants; to investigate and determine whether an area is blighted; and to carry out a redevelopment plan in cooperation with local government.

The Authority presents this discussion and analysis of its financial performance during the fiscal year (FY) ended September 30, 2005, to assist the reader in focusing on significant financial issues and concerns.

The Authority's FY2005 annual financial report consists of two parts – the management's discussion and analysis, and the basic financial statements (which include notes to those financial statements).



The primary focus of the Authority's financial statements is on the financial statements of a single business-type activity that combines all programs administered by the Authority. A separate column in the financial statements also shows the combined transactions of the Authority's real estate limited partnership component units.

The financial results of the discretely presented component units are not addressed in this discussion and analysis.

FINANCIAL HIGHLIGHTS FOR FY2005

The Authority's FY2005 major financial highlights included the following:

- Total assets and liabilities of the Authority were approximately \$70.5 million and \$21.3 million, respectively; thus total net assets were approximately \$49.2 million at September 30, 2005.
- Total revenues (including capital contributions) and expenses were approximately \$22.3 million and \$19.2 million, respectively; thus net assets increased by approximately \$3.1 million during the fiscal year.
- Revenues are derived from various sources with approximately 10% from City sources and 71% received either directly or indirectly (through the City) from the U.S. Department of Housing and Urban Development (HUD). For example, approximately 67%, or \$13.1 million of the \$19.7 million in total operating revenues, are derived from the Low Rent Public Housing and Housing Choice Voucher (and related Section 8 Mod Rehab) HUD grants. Rental revenues from Authority-owned properties were approximately \$2.7 million, or 13% of total revenues.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Management's Discussion and Analysis (MD&A)

September 30, 2005

- Cash flows from operating activities were a positive \$2.4 million. The net decrease in cash and cash equivalents for the year was approximately \$316,000, primarily due to an increase in investing and capital improvement activities.

AUTHORITY FINANCIAL STATEMENTS

The Authority's mission focuses on the planning, design, construction, preservation, rehabilitation, financing, and management of housing, primarily for low- and moderate-income households, assisting in the revitalization of neighborhoods, and redevelopment of commercial and industrial areas in the City of Roanoke. As of September 30, 2005, the Authority owned over 1300 residential units that are leased to low-income families and individuals. In addition, housing assistance was being paid to over 1400 households under the Federal Housing Choice Voucher and Mod Rehab programs for privately owned existing housing.

In view of this mission, the Authority's financial reporting objective under GASB Statement No. 34, as amended, focuses on the financial activities of the Authority as a whole.

Basic Financial Statements

The Authority is presenting its FY2005 discussion and analysis based on the financial results of its enterprise programs in three basic financial statements – the balance sheet; the statement of revenues, expenses and changes in net assets; and the statement of cash flows. The balance sheet reports all financial and capital assets of the Authority and is presented in a format where assets equals liabilities plus net assets, formerly known as fund equity. Net assets are broken down into the following three categories.

- *Net assets, invested in capital assets, net of related debt* consists of all 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 these assets.
- *Restricted net assets* consists of assets that are restricted by constraints placed on the asset by external parties, such as, creditors, grantors, contributors, laws, or regulations reduced by liabilities payable from such assets.
- *Unrestricted net assets* consists of net assets that do not meet the definition of *net assets invested in capital assets, net of related debt, or restricted net assets*.

The statement of revenues, expenses and changes in net assets (similar to an income statement) includes operating revenues, such as rental income; operating expenses, such as administrative, utilities, maintenance, depreciation; and nonoperating revenues and expenses, such as nonprogram grant revenue, investment income, interest expense, and capital contributions. The statement's focus is the change in net assets, which is similar to net income or loss.

Finally, a statement of cash flows is included, which discloses net cash flows from operating activities, capital and related financing activities, investing activities and noncapital financing activities.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Management's Discussion and Analysis (MD&A)

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These basic financial statements utilize the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period when they are incurred.

These financial statements represent over a dozen programs and activities. Most of these programs are financed by federal grants from HUD, rents, and other user charges resulting from operations of subsidized housing, by development and financing fees, and by investment income and loan proceeds. The Authority also administers housing and community development activities in which funding is controlled at the City level.

Net Assets

The following table reflects the Authority's condensed summary of the balance sheet:

Table 1
Summary of Balance Sheet
As of September 30, 2005 and 2004
(in millions)

Description	2005	2004	Change	% Change
Current and other assets	\$ 21.9	19.5	2.4	13%
Capital assets, net of accumulated depreciation	48.6	47.2	1.4	3
Total assets	70.5	66.7	3.8	6
Current liabilities	9.5	2.4	7.1	296
Long-term liabilities	11.8	18.2	(6.4)	(35)
Total liabilities	21.3	20.6	0.7	3
Net assets:				
Invested in capital assets, net of related debt	42.1	40.1	2.0	5
Unrestricted	7.1	6.0	1.1	19
Total net assets	\$ 49.2	46.1	3.1	7%

Investments in capital assets comprise about 69% of the Authority's total assets, while these assets carry related current and long-term debt of approximately \$7.4 million that is about 35% of its total liabilities. However, the amount invested in capital assets, net of related debt, amounts to about 86% of total net assets.

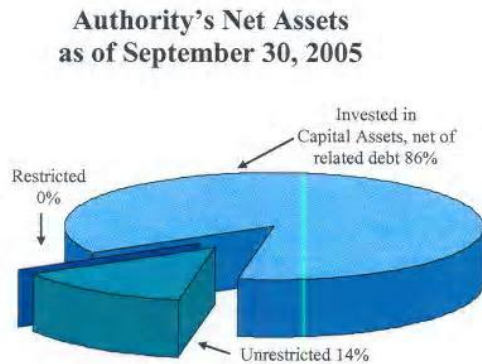
Current and other assets increased by \$2.4 million during 2005 due primarily to a \$1.2 million increase in investments, a \$650,000 increase in a receivable due from a component unit for developer fees earned in FY2005, and a \$500,000 increase in receivables related to a lawsuit in which the City of Roanoke agreed to reimburse the Authority for the costs of the litigation proceedings and monetary damages awarded to the plaintiff. Capital assets net of depreciation increased \$1.4 million due to the addition of capital fund grants in FY2005. Long-term liabilities decreased \$6.4 million mainly due to a reclassification of a \$5.5 million note payable related to the South Jefferson redevelopment project from long-term to short term liabilities.

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Management's Discussion and Analysis (MD&A)

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The Authority's net assets also consist of restricted and unrestricted net assets. Restricted net assets include cash and investments restricted for loan loss and future capital projects less liabilities that will be paid from these restricted assets. Unrestricted net assets would include cash in the bank, receivables net of allowances, and other assets less all other liabilities not previously applied. The following graph illustrates the relative percentage of the Authority's net assets invested in capital assets, net of related debt and net assets that are restricted and unrestricted.



Revenues, Expenses and Changes in Net Assets

The results of the Authority's operations are reported in the statement of revenues, expenses and changes in net assets. In FY2005, the Authority realized an increase in net assets of approximately \$3.1 million. Table 2 below presents a condensed summary of data from the Authority's statement of revenues, expenses and changes in net assets. City of Roanoke Grants decreased 71% due to an agreement with the City in FY2004 in which the Authority was involved in acquiring property in the South Jefferson area for purposes of acquiring land, relocating business and redevelopment that resulted in income of \$5.5 million from City of Roanoke that did not reoccur in FY2005. Other City revenues increased by \$600,000 as a result of other development projects beginning in FY2005. Revenues also increased by \$650,000 related to developer fees earned by RRHA for the Stepping Stone Apartments development. General and other expenses decreased 27% due to a decrease in expenses related to a Resident Opportunity and Self Sufficiency Grant that ended in 2005 and a decrease in program costs for CDBG and HOME expenses because of the transition from the Southeast by Design project to Project GOLD. Non-operating expenses decreased 93% due to the acquisition of land in FY2004 and subsequent resale for redevelopment purposes in the South Jefferson Project, which resulted in a \$4.0 million non-operating loss on sale that did not reoccur in FY2005. Administration expenses increased 15% during FY2005 primarily due to accrued litigation costs related to a lawsuit award determined subsequent to September 30, 2005. The awarded amount was approximately \$282,000, which is to be reimbursed by the City of Roanoke.

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Management's Discussion and Analysis (MD&A)

September 30, 2005

Table 2
Summary of Revenues, Expenses and Changes in Net Assets
Years Ended September 30, 2005 and 2004
(in millions)

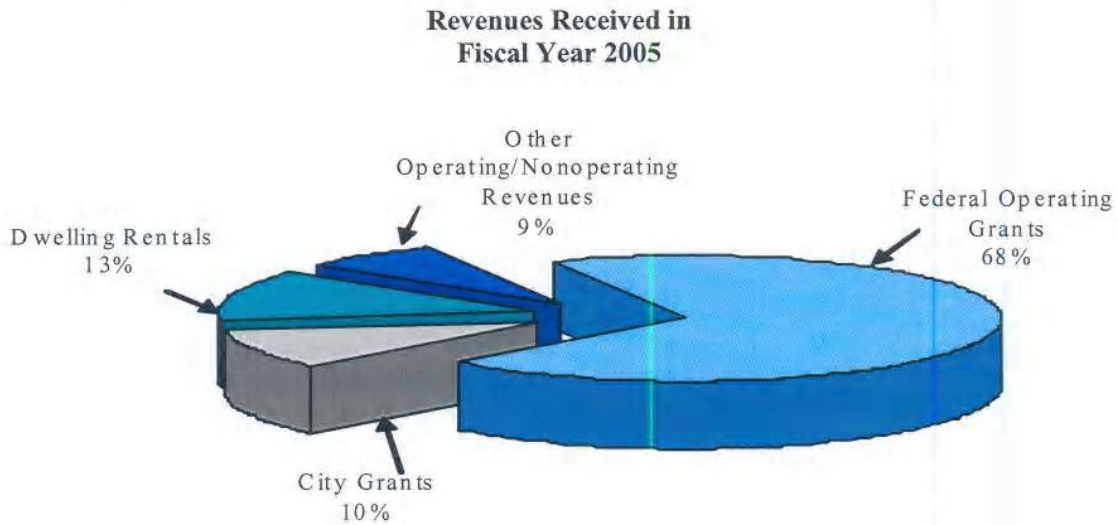
<u>Description</u>	<u>2005</u>	<u>2004</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Operating revenues:				
Dwelling rentals	\$ 2.7	2.5	0.2	8%
Federal operating grants	14.1	14.0	0.1	1
City of Roanoke grants	2.0	6.9	(4.9)	(71)
Fees and mortgage loan interest	1.0	0.5	0.5	100
Nonoperating revenues	0.8	0.8	—	—
Total revenues	<u>20.6</u>	<u>24.7</u>	<u>(4.1)</u>	<u>(17)</u>
Expenses:				
Operating expenses:				
Housing assistance payments	6.0	6.2	(0.2)	(3)
Administration	4.6	4.0	0.6	15
Utilities/maintenance	4.6	4.5	0.1	2
General and other expenses	1.6	2.2	(0.6)	(27)
Depreciation	2.0	1.9	0.1	5
Nonoperating expenses	0.4	5.4	(5.0)	(93)
Total expenses	<u>19.2</u>	<u>24.2</u>	<u>(5.0)</u>	<u>(21)</u>
Income before capital contributions	1.4	0.5	0.9	180
Capital contributions	1.7	2.0	(0.3)	(15)
Change in net assets	3.1	2.5	0.6	24
Net assets, beginning of year	46.1	43.6	2.5	6
Net assets, end of year	\$ <u>49.2</u>	<u>46.1</u>	<u>3.1</u>	<u>7%</u>

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

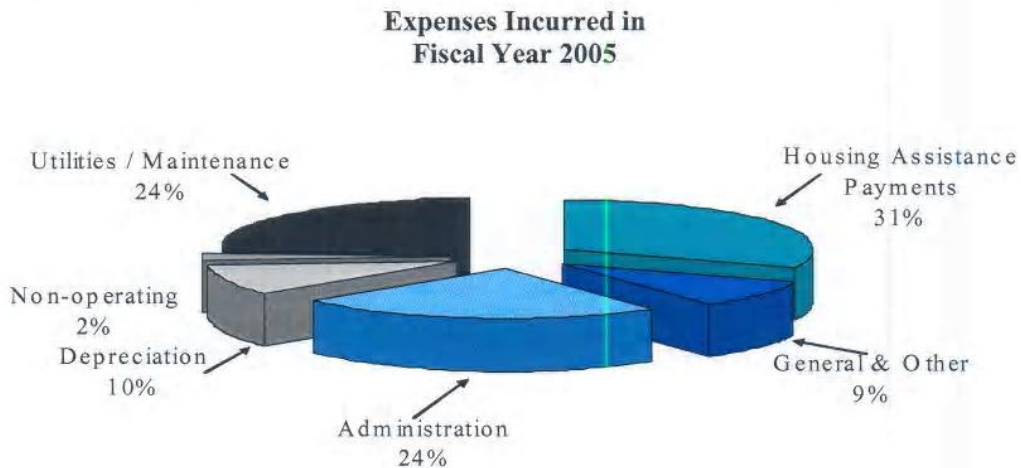
Management’s Discussion and Analysis (MD&A)

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About 4% of the Authority’s total revenues (without the capital contributions) in FY2005 were nonoperating revenues that are derived from HUD debt service contributions and miscellaneous nonoperating income. The remaining 96% were operating revenues derived from intergovernmental operating grants, rents and other user charges, and mortgage loan interest and developer fees. The following graph illustrates the major sources of these revenues and related percentages.



In FY2005, the Authority incurred operating expenses totaling \$19 million that are related to its role as a housing authority. About \$6 million, or 32%, of these operating expenses are housing assistance payments made in the Housing Choice Voucher and Mod Rehab programs. General and other program expenses include costs related to tenant and protective services, loans receivable bad debt, and redevelopment and rehabilitation expenses. The following graph illustrates these major expense groups and the percent of the total expense each represent.



ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Management's Discussion and Analysis (MD&A)

September 30, 2005

Capital Asset and Debt Administration

The Authority's capital assets as of September 30, 2005, included land, buildings and improvements, equipment, and construction in progress that totaled approximately \$94 million (without accumulated depreciation), most of which is comprised of Public Housing units available for lease to low- and moderate-income residents, construction in these Public Housing areas and business property for redevelopment in the City of Roanoke. A breakdown of these assets is shown in Table 3 below.

Table 3
Change in Capital Assets of the Authority
As of September 30, 2005 and 2004
(in millions)

Description	2005	2004	Change	% Change
Nondepreciable assets:				
Land	\$ 21.6	20.6	1.0	5%
Construction in progress	14.8	16.2	(1.4)	(9)
Other capital assets:				
Buildings and improvements	53.6	50.3	3.3	7
Equipment	1.9	1.9	0.0	—
Infrastructure	2.1	2.1	0.0	—
Accumulated depreciation on other capital assets	(45.4)	(43.9)	(1.5)	3
Totals	\$ 48.6	47.2	1.4	3%

The Authority had approximately \$3 million in net additions to capital assets in FY2005. The additions were primarily due to completion of modernization improvements in the Capital Fund.

The Authority's FY2005 financial statements include long-term debt, consisting of loans, notes, and bonds payable, of approximately \$18.4 million.

- *Public Housing Loans and Bonds* – In prior years, the Authority issued notes and bonds to permanently finance certain Public Housing projects. HUD pays the debt service on the outstanding \$4.1 million of these notes and bonds annually. In FY2003, the Authority issued additional bonds for \$3.3 million. The principal balance is \$2.6 million as of September 30, 2005.
- *Dual-funded Mortgage Loans* – In FY2005, the Authority has borrowed approximately \$140,000 for a dual-funded loan program that allows low- to moderate-income homeowners to refinance or purchase homes and rehabilitate them to HUD standards. The Authority also reduced the principal on older loans in this program by \$160,000 for an outstanding balance of \$1.7 million.

CONTACTING AUTHORITY MANAGEMENT

This financial report is designed to provide the citizens of the City of Roanoke, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Director of Administration, Roanoke Redevelopment and Housing Authority, 2624 Salem Turnpike N.W., Roanoke, VA 24017 or visit our website at www.iamrrha.org.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Balance Sheet – RRHA and Discretely Presented Component Units

September 30, 2005

Assets	RRHA	Component units	Total reporting entity
Current assets:			
Cash and cash equivalents	\$ —	152,511	152,511
Receivables:			
Due from HUD	526,562	—	526,562
Due from City of Roanoke – unrestricted	1,003,794	—	1,003,794
Restricted receivable – City of Roanoke	5,495,750	—	5,495,750
Tenant rents, net of allowance for doubtful accounts of \$20,639	25,686	3,096	28,782
Interest	46,653	—	46,653
Other	91,799	15,180	106,979
Total receivables	7,190,244	18,276	7,208,520
Investments – unrestricted	6,242,103	—	6,242,103
Mortgage loans – current portion	188,068	—	188,068
Inventory – supplies	140,817	—	140,817
Inventory – houses	191,739	—	191,739
Other	210,447	16,151	226,598
Total current assets	14,163,418	186,938	14,350,356
Noncurrent assets:			
Capital assets, net of depreciation	48,618,350	15,533,081	64,151,431
Developer’s fee receivable due from component units, net of allowance	650,000	—	650,000
Mortgage loans – noncurrent portion	3,996,556	—	3,996,556
Notes receivable from component unit	1,314,279	—	1,314,279
Other	559,853	210,698	770,551
Total noncurrent assets, other than restricted	55,139,038	15,743,779	70,882,817
Restricted assets:			
Restricted cash and cash equivalents	1,134,499	224,415	1,358,914
Restricted short-term investments	107,662	—	107,662
Deposits	—	53,330	53,330
Total restricted assets	1,242,161	277,745	1,519,906
Total noncurrent assets	56,381,199	16,021,524	72,402,723
Total assets	\$ 70,544,617	16,208,462	86,753,079

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Balance Sheet – RRHA and Discretely Presented Component Units

September 30, 2005

Liabilities	RRHA	Component units	Total reporting entity
Current liabilities:			
Bank overdraft	\$ 218,384	—	218,384
Accounts payable	210,745	182,479	393,224
Accrued salaries and benefits	98,139	—	98,139
Due to other governments – current portion	981,920	—	981,920
Mortgages payable – current portion	186,683	29,633	216,316
Long-term debt – current portion	827,980	148,844	976,824
Note payable to Roanoke City Mills, Inc.	5,495,750	—	5,495,750
Note payable to bank	346,440	—	346,440
Accrued compensated absences	252,853	—	252,853
Other current liabilities	803,609	109,747	913,356
Total current liabilities	<u>9,422,503</u>	<u>470,703</u>	<u>9,893,206</u>
Noncurrent liabilities:			
Due to City of Roanoke – noncurrent portion	2,480,866	—	2,480,866
Mortgages payable – noncurrent portion	2,229,718	5,105,304	7,335,022
Long-term debt – noncurrent portion	5,793,920	911,156	6,705,076
Notes payable to RRHA	—	1,314,279	1,314,279
Accrued developer's fees payable to RRHA	—	1,950,000	1,950,000
Accrued compensated absences – noncurrent portion	120,214	—	120,214
Other	1,239,007	157,647	1,396,654
Total noncurrent liabilities	<u>11,863,725</u>	<u>9,438,386</u>	<u>21,302,111</u>
Total liabilities	<u>21,286,228</u>	<u>9,909,089</u>	<u>31,195,317</u>
Net Assets			
Invested in capital assets, net of related debt	42,145,314	6,073,865	48,219,179
Restricted net assets:			
Capital projects	—	224,415	224,415
Unrestricted net assets	7,113,075	1,093	7,114,168
Total net assets	<u>49,258,389</u>	<u>6,299,373</u>	<u>55,557,762</u>
Total liabilities and net assets	<u>\$ 70,544,617</u>	<u>16,208,462</u>	<u>86,753,079</u>

See accompanying notes to basic financial statements.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Revenues, Expenses and Changes in Net Assets – RRHA and Discretely Presented Component Units

Year ended September 30, 2005

	RRHA	Component units	Total reporting entity
Operating revenues:			
Dwelling rentals	\$ 2,708,622	802,237	3,510,859
Intergovernmental	16,051,160	—	16,051,160
Interest on mortgage loans receivable	115,841	—	115,841
Other income	789,026	131,212	920,238
Total operating revenues	19,664,649	933,449	20,598,098
Operating expenses:			
Administration	4,570,599	195,422	4,766,021
Tenant services	409,540	—	409,540
Utilities	2,011,196	87,878	2,099,074
Ordinary maintenance and operation	2,592,080	139,931	2,732,011
Protective services	35,884	—	35,884
General	1,041,222	160,895	1,202,117
Extraordinary maintenance	29,749	—	29,749
Housing assistance payments	6,028,982	—	6,028,982
Depreciation and amortization	2,009,718	345,063	2,354,781
Interest expense	105,260	378,560	483,820
Total operating expenses	18,834,230	1,307,749	20,141,979
Operating income (loss)	830,419	(374,300)	456,119
Nonoperating revenues (expenses):			
Interest income	172,240	—	172,240
Interest expense	(376,049)	—	(376,049)
Loss on disposition of capital assets	(35,144)	—	(35,144)
HUD debt service contributions	801,737	—	801,737
Other	3,195	—	3,195
Nonoperating expenses, net	565,979	—	565,979
Income (loss) before capital contributions	1,396,398	(374,300)	1,022,098
Capital contributions	1,716,360	2,391,937	4,108,297
Change in net assets	3,112,758	2,017,637	5,130,395
Net assets, beginning of year, as restated	46,145,631	4,281,736	50,427,367
Net assets, end of year	\$ 49,258,389	6,299,373	55,557,762

See accompanying notes to basic financial statements.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Cash Flows – RRHA

Year ended September 30, 2005

Cash flows from operating activities:	
Rental receipts	\$ 2,638,169
Intergovernmental receipts	16,436,362
Homeowners' mortgage payments	(20,027)
Payments to suppliers for goods and services	(5,367,982)
Payments to employees for services	(4,907,318)
Payments to landlords – housing assistance payments	(6,028,982)
Other operating cash payments	<u>(336,522)</u>
Net cash provided by operating activities	<u>2,413,700</u>
Cash flows from capital and related financing activities:	
Proceeds from sale of capital assets	92,919
Proceeds from issuance of debt	346,440
Payments for capital improvements	(3,593,163)
Interest payments	(372,854)
Debt principal payments	(841,684)
Capital contributions	<u>1,716,360</u>
Net cash used in capital and related financing activities	<u>(2,651,982)</u>
Cash flows from investing activities:	
Proceeds from investments	500,000
Purchase of investments	(1,793,226)
Interest received on investments	<u>194,967</u>
Net cash used in investing activities	<u>(1,098,259)</u>
Cash flows from noncapital financing activities:	
HUD debt service contributions	801,737
Bank overdraft	<u>218,384</u>
Net cash provided by noncapital financing activities	<u>1,020,121</u>
Net decrease in cash and cash equivalents	(316,420)
Cash and cash equivalents, beginning of year	<u>1,450,919</u>
Cash and cash equivalents, end of year	\$ <u><u>1,134,499</u></u>
Reconciliation to balance sheet of RRHA:	
Current unrestricted cash and cash equivalents	\$ —
Noncurrent restricted cash and cash equivalents	<u>1,134,499</u>
Cash and cash equivalents	\$ <u><u>1,134,499</u></u>

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Statement of Cash Flows – RRHA

Year ended September 30, 2005

Reconciliation of operating income of RRHA to net cash
provided by operating activities:

Operating income	\$	830,419
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		2,009,718
Loss on disposal of assets held for sale		16,130
Provision for bad debts		190,883
Change in assets and liabilities:		
Increase in receivables		(551,558)
Increase in due from component unit		(650,000)
Increase in mortgage loans		(36,960)
Increase in inventory – supplies		(9,420)
Increase in inventory – houses		(5,167)
Increase in other assets		(367,563)
Decrease in accounts payable		(4,345)
Increase in due to other governments		805,432
Decrease in accrued salaries and benefits		(167,814)
Increase in accrued compensated absences		29,483
Increase in other liabilities		344,489
Decrease in home owners' mortgages payable		(20,027)
Net cash provided by operating activities	\$	<u>2,413,700</u>

See accompanying notes to basic financial statements.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(1) Summary of Significant Accounting Policies

The Roanoke Redevelopment and Housing Authority (the Authority or RRHA) was created by the City of Roanoke (the City) in 1949 under the provisions of the United States Housing Act of 1937. The Authority is governed by a seven-member board of commissioners which is appointed by Roanoke's City Council for staggered four-year terms. The Board, in turn, elects a Chairman and employs an Executive Director to administer the affairs of the Authority.

The Authority uses available federal, state, and local resources to serve the residents of the City of Roanoke, Virginia by (a) upgrading and maintaining the existing housing stock; (b) encouraging the construction of new housing affordable to low and moderate income households; (c) promoting economic development efforts and providing assistance to communities in the City through community development programs; and (d) providing low and moderate income families and senior households with decent, safe, and affordable rental housing opportunities.

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the Authority's more significant accounting policies:

(a) Reporting Entity

As required by GAAP, the accompanying financial statements present the financial data of RRHA and its discretely presented component units. The Authority's blended component unit, although a legally separate entity is, in substance part of the Authority's operations; therefore, data from this blended component unit is combined with data of the primary government. The financial data of the Authority's discretely presented component units are included in the Authority's financial statements because of the significance of their operational or financial relationships with the Authority. The Authority and its blended and discretely presented component units are together referred to herein as the reporting entity.

In determining how to define the reporting entity, management has considered all potential component units. The financial reporting entity consists of (a) RRHA, (b) organizations for which RRHA is financially accountable, and (c) other organizations for which RRHA is not accountable, but for which the nature and significance of their relationship with RRHA are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these criteria, the following entities have been identified as component units:

Blended Component Units

Roanoke Valley Housing Corporation

The Roanoke Valley Housing Corporation (RVHC) was created as a not-for-profit affiliate organization of the Authority and incorporated in 1995. RVHC was created to assist the Authority in the development of low-income housing projects. RVHC is reported as a blended component unit because it was created to assist the Authority in its mission to provide affordable housing to low-income families in the City of Roanoke and its operations are indistinguishable from the Authority.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

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Shenandoah Crossings, Inc.

Shenandoah Crossings, Inc., incorporated on June 13, 2000, was created to assist the Authority in the renovation of an office building into an apartment complex. Shenandoah Crossings, Inc. is the general partner of a real estate limited partnership, Shenandoah Crossings, Limited Partnership. Shenandoah Crossings, Inc. is reported as a blended component unit because it was created to assist the Authority in its mission of housing redevelopment in the City of Roanoke and its operations are indistinguishable from the Authority.

Discretely Presented Component Units

Shenandoah Crossings, Limited Partnership

The Authority has significant influence over the general partner (Shenandoah Crossings, Inc.) of a real estate limited partnership (Shenandoah Crossings, Limited Partnership (SCLP)) that has significant financial relationships with the Authority. The limited partnership interests are held by third parties unrelated to the Authority. The Authority has certain rights and responsibilities which enable it to impose its will on the limited partnership due to the significant influence over the general partner and financial relationships with the partnership.

The limited partnership was formed for the purpose of renovating an office building of historical and architectural significance into a luxury apartment complex. On May 24, 2001, the limited partnership acquired the vacant Norfolk & Western General Office Building South (historic name) located at 8 Jefferson Street, NW, Roanoke Virginia (the Office Building). The Office Building is an architectural landmark of Roanoke and is located in the commercial area north of the downtown business district. The limited partnership renovated the Office Building into an 87-unit apartment complex known as Eight Jefferson Place. Marketing activities of Eight Jefferson Place began in July 2002 and rental of apartments to tenants began in September 2002.

The responsibility for management of the affairs of the limited partnership, and the ongoing management of Shenandoah Crossing Apartments is vested with the general partner, Shenandoah Crossings, Inc. The limited partnership's December 31, 2005 year-end financial statements are included within the Authority's basic financial statements. Complete financial statements of the limited partnership can be obtained from the Director of Administration of Roanoke Redevelopment and Housing Authority, 2624 Salem Turnpike N.W., Roanoke, VA 24017.

Stepping Stone, Limited Partnership

The Authority has significant influence over the general partner, Stepping Stone Apartments, LLC, of a real estate limited partnership (Stepping Stone, Limited Partnership (SSLP)) that has significant financial relationships with the Authority. The Authority has certain rights and responsibilities which enable it to impose its will on the limited partnership due to the significant influence over the general partner and financial relationships with the partnership.

The limited partnership was formed for the purpose of constructing 15 duplex units at the Villages at Lincoln. RVHC acted as the developer on this project. RRHA applied for an allocation of low-income housing tax credits from the Virginia Housing Development Authority. On November 10, 2003, the Authority conveyed 15 vacant lots to SSLP. Construction on the project began in

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

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September 30, 2005

August 2004 and was completed in October 2005. Marketing activities of Stepping Stone Apartments began in January 2005 and rental of duplex units to tenants began in March 2005.

The responsibility for management of the affairs of the limited partnership, and the ongoing management of Stepping Stone Apartments is vested with Stepping Stone Apartments, LLC. The Authority has entered into a fifteen-year agreement with SSLP to manage the thirty units over the life of the tax credit compliance period. The limited partnership's December 31, 2005 year-end financial statements are included within the Authority's basic financial statements. Inquiries regarding the limited partnership should be directed to the Director of Administration of Roanoke and Redevelopment and Housing Authority, 2624 Salem Turnpike N.W., Roanoke, VA 24017.

Additional condensed financial statement information for SCLP and SSLP can be found in note 12 to these basic financial statements.

(b) Basis of Presentation

All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. The Authority has elected not to follow Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989. The Authority follows all applicable GASB pronouncements and FASB pronouncements issued prior to November 30, 1989, unless they conflict with GASB pronouncements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Principal operating revenues are dwelling rentals, management and developer fees, intergovernmental revenues, interest on homeowner mortgage receivables, and proceeds from the sale of rehabilitated homes or newly-constructed homes in economically depressed areas. Operating expenses include administration, maintenance, insurance, payments in lieu of taxes, depreciation, amortization, and utilities as well as interest expense on low-interest homeowner loans, housing assistance payments, and rehabilitation and construction costs on homes for resale. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. This includes HUD debt service contributions, interest income and interest expense amounts, not discussed above.

(d) Revenue Recognition

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned.

The Authority has entered into annual contributions contracts with HUD to develop, manage, and own public housing projects and to administer the federal Section 8 housing programs, whereby **monthly housing assistance payments are made to landlords on behalf of eligible lower income**

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

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individuals and families. HUD makes annual debt service contributions and monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 program. Such contributions are reflected as intergovernmental revenue in the accompanying financial statements, except for annual debt service contributions, which are recorded as nonoperating revenues.

Other intergovernmental revenues, which are primarily derived from the City, are reported under the legal contractual requirements of the individual programs.

(e) Cash and Cash Equivalents – Unrestricted and Restricted

Cash and cash equivalents, including both restricted and unrestricted, are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents – restricted consists of restricted deposits required to be maintained in accordance with mortgage note debt agreements. When an expense is incurred for which both restricted and unrestricted net assets are available, restricted assets are applied first.

(f) Investments – Unrestricted and Restricted

Investments, including both restricted and unrestricted, are carried at fair value, with changes in fair value recognized as a component of investment income. Fair value is determined by reference to quoted market prices. Investments – restricted consists of funds pending the United States Department of Housing and Urban Development (HUD) approval for usage by the Authority.

(g) Mortgage Loans Receivable

Mortgage loans receivable bear interest and are carried at their unpaid principal balance, net of any allowance for doubtful accounts determined by management.

(h) Inventory – Supplies and Inventory – Houses

Inventory – supplies is valued at actual cost using first-in, first-out (FIFO) and consists of expendable materials and supplies. Inventory – houses is valued at actual cost and consists of homes constructed or renovated for sale to private homeowners.

(i) Capital Assets

Capital assets are stated at historical cost or estimated historical cost. Contributed capital assets are valued at their estimated fair value on the date donated. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Depreciation has been provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. The estimated useful lives are:

Dwellings and improvements	15 to 40 years
Furniture, equipment, and machinery	5 years
Infrastructure	30 years

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

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(j) *Compensated Absences*

Authority employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation in full up to 45 days. Sick leave is not vested and is not paid to an employee upon separation. Vested or accumulated vacation is recorded as an expense and liability as the benefits accrue to employees. Sick leave is recorded as an expense as the employee utilizes it.

In accordance with GAAP, the liability calculations include an accrual at the current rate of pay and ancillary salary-related payments (i.e., the employer's share of social security and Medicare taxes) associated with its ultimate liquidation.

(k) *Debt Obligations*

Notes payable, mortgages payable, bonds payable, and permanent notes are carried at the outstanding face amount.

(l) *Income Taxes*

As a political subdivision of the Commonwealth of Virginia, the Authority is exempt from federal and state income taxes.

(m) *Use of Estimates*

Management of the Authority has made a number of estimates and assumptions relating to the reporting of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

(2) *Cash and Investments*

The Authority's unrestricted cash and investments may be invested in the following HUD-approved vehicles:

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

At September 30, 2005, the Authority's cash, including both restricted and unrestricted, were in bank deposits or a money market fund that were insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

As of September 30, 2005, the Authority had the following investments, including both restricted and unrestricted:

	Fair value		Investment maturities (in years)			Totals
	September 30, 2005	% of total	Less than 1	1-5	6-10	
<u>Unrestricted</u>						
U.S. Treasuries	\$ 5,943,375	93%	1,489,644	3,454,356	999,375	5,943,375
Certificates of deposit	298,728	5	298,728	—	—	298,728
Total unrestricted investments	6,242,103	98%	1,788,372	3,454,356	999,375	6,242,103
<u>Restricted</u>						
Mutual government bond fund	107,662	2	107,662	—	—	107,662
Total investments	\$ 6,349,765	100%	1,896,034	3,454,356	999,375	6,349,765

Custodial Credit Risk. The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government. As of September 30, 2005, the Authority's investment in certificates of deposit of \$298,728 was FDIC insured, and \$6,051,037 was held in securities in the Authority's name backed by the federal government.

Interest Rate Risk. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(3) Due From/To Other Governments

Amounts due from and due to other governments at September 30, 2005 were as follows:

	Amounts due from other governments	Amounts due to other governments
HUD	\$ 526,562	772,385
City of Roanoke – current unrestricted	1,003,794	209,535
City of Roanoke – current restricted	5,495,750	—
City of Roanoke – noncurrent	—	3,680,866 (1)
	\$ 7,026,106	4,662,786

(1) Includes \$1,200,000 included in other noncurrent liabilities on the accompanying balance sheet of RRHA (see note 7(d)).

(4) Mortgage Loans Receivable

Under one of the Authority's programs, qualified residents who are unable to obtain financing from commercial sources may be loaned funds by the Authority. The Authority has borrowed \$1,651,048 of the funds used in the program from SunTrust Bank (SunTrust), with the mortgage loans pledged as security (see note 6(a)). There is a required reserve for loan losses of \$225,000 in SunTrust's \$2,250,000 Note Purchase agreement to cover these loans. As of September 30, 2005, the Loan Loss Reserve balance was \$220,635. The remaining portion of the funds have been obtained from the City of Roanoke. Repayment of principal and interest to the City is deferred, without interest, for periods of up to fifteen years.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

Mortgage loans held by the Authority are collateralized by single-family residences. The following is the risk profile of the Authority's loan portfolio as of September 30, 2005:

Mortgage loans guaranteed by the City	\$ 2,355,829
Mortgage loans for which the Authority bears risk of loss	<u>1,828,795</u>
Total mortgage loans	4,184,624
Less current portion	<u>(188,068)</u>
Mortgage loans – noncurrent portion	<u><u>\$ 3,996,556</u></u>

(5) Capital Assets

Capital asset activity for the Authority for the year ended September 30, 2005 is as follows:

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>
Capital assets, not being depreciated:				
Land	\$ 20,616,320	998,628	37,983	21,576,965
Construction in progress	<u>16,215,417</u>	<u>2,081,725</u>	<u>3,453,373</u>	<u>14,843,769</u>
Total capital assets, not being depreciated	<u>36,831,737</u>	<u>3,080,353</u>	<u>3,491,356</u>	<u>36,420,734</u>
Capital assets, being depreciated:				
Dwelling and improvements	50,302,562	3,603,044	330,371	53,575,235
Furniture, equipment and machinery	1,865,847	330,113	300,206	1,895,754
Infrastructure	<u>2,066,974</u>	<u>33,026</u>	<u>—</u>	<u>2,100,000</u>
Total capital assets being depreciated	<u>54,235,383</u>	<u>3,966,183</u>	<u>630,577</u>	<u>57,570,989</u>
Less accumulated depreciation for:				
Dwelling and improvements	36,898,820	1,491,918	341,842	38,048,896
Furniture, equipment and machinery	1,539,034	246,423	198,645	1,586,812
Infrastructure	<u>5,466,298</u>	<u>271,377</u>	<u>10</u>	<u>5,737,665</u>
Total accumulated depreciation	<u>43,904,152</u>	<u>2,009,718</u>	<u>540,497</u>	<u>45,373,373</u>
Total capital assets being depreciated, net	<u>10,331,231</u>	<u>1,956,465</u>	<u>90,080</u>	<u>12,197,616</u>
Total capital assets, net	<u><u>\$ 47,162,968</u></u>	<u><u>5,036,818</u></u>	<u><u>3,581,436</u></u>	<u><u>48,618,350</u></u>

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

Component unit capital asset activity for the year ended December 31, 2005 is as follows:

Shenandoah Crossings, Limited Partnership

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>
Capital assets, being depreciated:				
Land improvements	\$ 236,851	—	—	236,851
Dwelling and improvements	12,029,305	—	—	12,029,305
Furniture, equipment and machinery	<u>15,854</u>	<u>—</u>	<u>—</u>	<u>15,854</u>
Total capital assets, being depreciated	<u>12,282,010</u>	<u>—</u>	<u>—</u>	<u>12,282,010</u>
Less accumulated depreciation for:				
Land improvements	15,406	7,111	—	22,517
Dwelling and improvements	646,990	300,733	—	947,723
Furniture, equipment and machinery	<u>6,855</u>	<u>3,171</u>	<u>—</u>	<u>10,026</u>
Total accumulated depreciation	<u>669,251</u>	<u>311,015</u>	<u>—</u>	<u>980,266</u>
Component unit capital assets, net	<u>\$ 11,612,759</u>	<u>(311,015)</u>	<u>—</u>	<u>11,301,744</u>

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

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September 30, 2005

Stepping Stone, Limited Partnership

	<u>Balance beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance end of year</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 1,247,670	2,980,700	4,228,370	—
Total capital assets, not being depreciated	<u>1,247,670</u>	<u>2,980,700</u>	<u>4,228,370</u>	<u>—</u>
Capital assets, being depreciated:				
Dwelling and improvements	—	4,228,370	—	4,228,370
Furniture, equipment and machinery	—	31,596	—	31,596
Total capital assets, being depreciated	<u>—</u>	<u>4,259,966</u>	<u>—</u>	<u>4,259,966</u>
Less accumulated depreciation for:				
Dwelling and improvements	—	27,491	—	27,491
Furniture, equipment and machinery	—	1,138	—	1,138
Total accumulated depreciation	<u>—</u>	<u>28,629</u>	<u>—</u>	<u>28,629</u>
Component unit capital assets, net	<u>\$ 1,247,670</u>	<u>7,212,037</u>	<u>4,228,370</u>	<u>4,231,337</u>
Combined component unit capital assets, net	<u>\$ 12,860,429</u>	<u>6,901,022</u>	<u>4,228,370</u>	<u>15,533,081</u>

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(6) Mortgages Payable

(a) Home Owners' Mortgages Payable

Mortgages payable at September 30, 2005 consisted of the following:

6.71% mortgage payable to SunTrust Bank. Principal and interest due in monthly installments of \$4,438 through April 15, 2010. Note collateralized by deeds of trust on various single-family residences.	\$	190,468
Mortgages payable to SunTrust Bank at rates ranging from 4.70% to 8.13%. Principal and interest due in monthly installments of varying amounts through May 31, 2017. Notes collateralized by deeds of trust on various single-family residences.		1,460,580

(b) Mortgages Payable

Mortgage payable to SunTrust Bank with principal of \$3,542 due in monthly installments and interest adjusted monthly at LIBOR plus 1%. The remaining balance due on September 1, 2008. Note collateralized by deeds of trust on various residential properties.		<u>765,353</u>
Total mortgages payable	\$	<u><u>2,416,401</u></u>

Aggregate annual debt service requirements to maturity for mortgages payable are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended September 30:		
2006	\$ 186,683	117,576
2007	187,328	115,280
2008	838,871	100,610
2009	169,200	74,015
2010	130,399	63,974
2011 – 2015	711,386	184,410
2016 – 2017	<u>192,534</u>	<u>11,063</u>
	\$ <u><u>2,416,401</u></u>	<u><u>666,928</u></u>

(c) Changes in Long-Term Mortgages Payable

Long-term mortgages payable activity for the year ended September 30, 2005 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Mortgages payable	\$ 807,853	—	42,500	765,353	42,500
Home owners' mortgages payable	<u>1,671,075</u>	<u>139,500</u>	<u>159,527</u>	<u>1,651,048</u>	<u>144,183</u>
	\$ <u><u>2,478,928</u></u>	<u><u>139,500</u></u>	<u><u>202,027</u></u>	<u><u>2,416,401</u></u>	<u><u>186,683</u></u>

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(7) Long-Term Debt

(a) Bonds Payable and Permanent Notes

To permanently finance certain public housing projects, the Authority issued bonds in the original principal amount of \$10,035,000 with interest at 4.375% and 4.875% maturing in September 2008 and 2011. The bonds are secured by the projects' land, structures, and equipment. Debt service on the bonds (principal and interest) is paid annually by HUD under an annual contributions contract. As of September 30, 2005, the outstanding principal balance of these bonds payable was \$2,670,000, the current portion of which totaled \$440,000.

To permanently finance certain public housing projects, the Authority issued bonds in the original principal amount of \$3,315,000 with interest rates from 1.60% to 4.50% maturing in September 2014. The bonds are secured by the projects' land, structures, and equipment. As of September 30, 2005, the outstanding principal balance of these bonds payable was \$2,585,000 the current portion of which totaled \$250,000.

To permanently finance certain public housing projects, the Authority issued notes to the Federal Financing Bank in the original principal amount of \$3,042,616. These notes are payable in annual installments each November 1 until maturity in 2011 and 2013, with interest at 6.6% and are secured by the projects' land, structures, and equipment. Debt service on the notes (principal and interest) is paid annually by HUD under an annual contributions contract. As of September 30, 2005, the outstanding principal balance of these permanent notes was \$1,366,900, the current portion of which totaled \$137,980.

Aggregate annual debt service requirements to maturity for bonds payable and permanent notes are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended September 30:		
2006	\$ 827,980	318,635
2007	872,087	282,278
2008	906,795	242,507
2009	846,975	200,438
2010	888,163	159,195
2011 – 2014	<u>2,279,900</u>	<u>246,767</u>
	\$ <u>6,621,900</u>	<u>1,449,820</u>

(b) Note Payable to Roanoke City Mills, Inc.

During fiscal year 2004, the Authority entered into a note payable with Roanoke City Mills, Inc. to acquire real property located on Jefferson Street in Roanoke, Virginia. The principal balance of \$5,495,750 is due December 15, 2005, with no interest payable. The note is secured by an irrevocable letter of credit in the amount of \$5,500,000 issued to the City of Roanoke by Wachovia Bank for the benefit of the Authority.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(c) Note Payable to First Citizen's Bank

During fiscal year 2005, the Authority entered into a note payable with an interest rate of 5.25% with First Citizen's Bank to acquire real property located on Day Avenue in Roanoke, Virginia. The principal balance of \$346,440 and any unpaid interest is due December 1, 2005.

(d) Other Noncurrent Liabilities Payable to City of Roanoke

Included in other noncurrent liabilities is \$1,200,000 payable to the City of Roanoke related to amounts provided by the City to the Authority to help fund development of the Shenandoah Crossings project. The amount is repayable to the City by the Authority upon receipt by the Authority of the \$1,200,000 note receivable from Shenandoah Crossings, Limited Partnership (see note 8(b)).

(e) Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2005 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Bonds and permanent notes payable	\$ 7,421,084	—	799,184	6,621,900	827,980
Note payable to Roanoke City Mills, Inc.	5,495,750	—	—	5,495,750	5,495,750
Note payable to First Citizen's Bank	—	346,440	—	346,440	346,440
Due to City of Roanoke, including the amount in other noncurrent liabilities	3,724,356	371,820	205,775	3,890,401	209,535
Vested compensated absences	343,584	295,351	265,868	373,067	252,853
	<u>\$ 16,984,774</u>	<u>1,013,611</u>	<u>1,270,827</u>	<u>16,727,558</u>	<u>7,132,558</u>

(8) Notes Payable and Long-Term Debt – Component Units

Shenandoah Crossings, Limited Partnership

(a) Mortgage Loan

In May 2001, SCLP entered into a building loan with a mortgage company to fund the renovation and construction activities of the Project until the closing of permanent financing was obtained in the form of a mortgage loan. On May 12, 2003, such permanent financing was closed, and the building loan was converted to a mortgage loan totaling \$5,223,300. The mortgage loan is collateralized by the land and structures of the Project. The interest rate of the mortgage loan is 7.25% with payments of principal and interest due in monthly installments of \$33,412. The remaining balance, if any, is due in full on June 1, 2042. The outstanding balance on the mortgage loan at December 31, 2005 was \$5,134,937, the current portion of which totaled \$29,633.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

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In connection with obtaining the mortgage loan described above, SCLP incurred financing costs totaling \$213,550. These financing costs have been deferred by SCLP and are included in other assets of SCLP. These deferred financing costs are amortizing on the straight-line method over the life of the mortgage loan. The net amortized cost at December 31, 2005 was \$196,781.

(b) Notes Payable

Notes payable at December 31, 2005 consist of the following:

<u>Note holder(s)</u>	<u>Terms</u>	<u>Outstanding balance</u>
Roanoke Redevelopment and Housing Authority – a related party	Unsecured promissory note for an amount up to \$1,200,000 bearing interest at 0%, any outstanding principal is due May 1, 2042.	\$ 1,200,000
Roanoke Redevelopment and Housing Authority – a related party	Unsecured promissory note for an amount up to \$3,000,000 bearing interest at 4% annually with interest payments due monthly, any outstanding principal is due May 1, 2042.	114,279
Total		<u>\$ 1,314,279</u>

(c) Debt Service Requirements to Maturity

Debt service requirements to maturity for SCLP mortgages and notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended December 31:		
2006	\$ 29,633	375,882
2007	31,854	373,661
2008	34,242	371,273
2009	36,808	368,707
2010	39,567	365,947
2011-2015	247,032	1,780,544
2015-2019	354,577	1,672,999
2020-2024	508,942	1,518,633
2025-2029	730,511	1,297,065
2030-2034	1,048,540	979,036
2035-2039	1,505,022	522,554
2040-2042	1,882,488	39,442
	<u>\$ 6,449,216</u>	<u>9,665,743</u>

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(d) Changes in Long-Term Liabilities

Long-term liability activity for SCLP for the year ended December 31, 2005 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Mortgage loan	\$ 5,162,503	—	27,566	5,134,937	29,633
Notes payable, as restated	1,314,279 (1)	—	—	1,314,279	—
Developer's fee payable	1,300,000	—	—	1,300,000	—
	<u>\$ 7,776,782</u>	<u>—</u>	<u>27,566</u>	<u>7,749,216</u>	<u>29,633</u>

(1) During 2005, it was determined that funding provided to SCLP by Shenandoah Crossings, Inc. (a related party) and recorded as loans in prior years should have been treated as capital contributions in accordance with the Partnership Agreement dated September 30, 2002. Accordingly, the notes payable of SCLP as of December 31, 2004 have been restated to reflect the related loans in the amount of approximately \$1.7 million as contributions to capital instead of notes payable. Also see note 14.

Stepping Stone, Limited Partnership

(a) Note Payables

At December 31, 2005, SCLP has the following notes payable outstanding:

Virginia Housing and Development Authority	\$ 500,000
Virginia Community Capital Incorporated	430,000
BB&T Construction Loan	130,000
	<u>\$ 1,060,000</u>

The note to Virginia Housing and Redevelopment Authority (VHDA) has an interest rate of 3.25% and is payable in 360 monthly installments of \$2,176, which includes principal and interest portions. Payments on the note begin in February 2006.

The note to Virginia Community Capital Incorporated (VCCI) has an interest rate of 2.00% and is amortized over 360 monthly payments. The final payment in the amount of the principal and all accrued and unpaid interest is due in 15 years. Payments on this note begin in February 2006.

The note to BB&T is construction funding that is to be paid back before June 30, 2006. The interest rate on this note is LIBOR. Interest only payments are due monthly.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(b) Debt Service Requirements to Maturity

Debt service requirements to maturity for SSLP mortgages and notes payable are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended December 31:		
2006	\$ 148,844	27,251
2007	21,077	24,107
2008	21,635	23,550
2009	22,208	22,977
2010	22,797	22,388
2011-2015	123,417	102,505
2016-2020	389,007	85,077
2021-2025	86,763	43,798
2026-2030	102,050	28,512
2031-2035	120,030	10,531
2036-2040	2,172	6
	<u>\$ 1,060,000</u>	<u>390,702</u>

(c) Changes in Long-Term Liabilities

Long term liability activity for SSLP for the year ended December 31, 2005 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
BB&T Construction Loan	\$ 677,731	2,222,269	2,770,000	130,000	130,000
Virginia Housing and Development Authority	—	500,000	—	500,000	9,164
Virginia Community Capital Incorporated	—	430,000	—	430,000	9,680
Developer's fee payable (RVHC)	—	650,000	—	650,000	—
	<u>\$ 677,731</u>	<u>3,802,269</u>	<u>2,770,000</u>	<u>1,710,000</u>	<u>148,844</u>

(9) Conduit Debt

The Authority, with the approval of the City or other Commonwealth of Virginia local governmental entities, may issue and sell debt to finance the acquisition, development, construction and/or rehabilitation of mixed-use and/or multi-family housing projects and commercial facilities deemed to be in the public interest. Such debt is payable solely from the revenue of the projects, which are owned by the developers, and does not constitute a debt or pledge of the full faith and credit of the Authority, the Commonwealth of Virginia or any political subdivision thereof. Accordingly, such debt and related assets are not presented in the basic financial statements. The aggregate amount of all conduit debt obligations outstanding was approximately \$8,809,000 as of September 30, 2005. No debt of this type was issued for the fiscal year ended September 30, 2005.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(10) Pension Plan

The Authority maintains a defined contribution retirement plan and a 401(k) plan for its employees. Contributions are paid to American Funds, which invests the funds through a group annuity contract.

The Authority contributes a total of 14% of each participant's compensation for the plan year (calendar year) which is allocated to the individual's retirement account. All employees whose customary employment is or is reasonably expected to be for at least 20 hours per week for 5 months per year are eligible. A participant may contribute up to 9% of his or her compensation per plan year to the plans.

Employees are fully vested as of the contribution date for amounts allocated to 401(k) accounts. Employees who retire at or after age 55 or 20 years of credited service are fully vested and receive a 100% distribution of their retirement account balances. Upon termination of the employee for any reason other than retirement, death, or total and permanent disability, the employee is entitled to benefits based on the following vesting percentages for the individual's retirement account:

<u>Completed years of credited service</u>	<u>Vested percentage</u>
0	0%
1	20%
2	40%
3	60%
4	80%
5-more	100%

Employer contributions are paid to American Funds biweekly. Total current year payroll for all Authority employees was \$3,379,533 and contributions by the Authority were \$547,699 for the year ended September 30, 2005. All contributions were fully funded at September 30, 2005.

(11) Risk Management

The Authority is exposed to various risks of loss from torts, theft of, damage to, or destruction of assets, business interruption, errors or omissions, job-related illnesses or injuries to employees, and natural disasters. The Authority has purchased commercial insurance to mitigate its exposure for such losses. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. Settled claims to date have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with coverage in the prior year.

(12) Subsequent Events

On November 17, 2005, the Authority was found liable for damages in a lawsuit that was originally filed in fiscal year 2001. The lawsuit was brought by a resident whose property was considered for seizure through eminent domain in 1975. A group of court-appointed commissioners found that the Authority caused "inverse condemnation" of the property and ordered RRHA to pay damages and attorney's fees to the

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

resident for rent he could have collected on the property over the past 20 years. Total amount to be paid is approximately \$282,000. Accordingly, this amount has been included in other liabilities on the accompanying balance sheet. The City of Roanoke has committed to reimbursing the Authority approximately \$500,000 for the amount of damages awarded plus any legal costs incurred by RRHA. Accordingly, RRHA has recorded income and a corresponding receivable for the amount to be reimbursed by the City.

(13) Contingencies and Other Matters

(a) Grants

The Authority receives grant funds, principally from HUD and the City, for various programs. Monies from HUD are both received directly from the federal agency as well as passed through the City. Certain expenditures of these funds are subject to audit by HUD or the City, and the Authority is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the Authority, no material refunds will be required as a result of expenditures disallowed by HUD or the City. No capital fund grants were closed out during fiscal year 2005.

(b) Cooperation Agreements with the City of Roanoke

The Authority is a party to a number of cooperation agreements involving the City of Roanoke. In the current year, such agreements with the City have included the Lincoln Infrastructure Agreement, the Day Avenue Agreement, and the South Jefferson Cooperation Agreement. Revenues related to these cooperation agreements totaled \$1,396,472 and have been recorded as intergovernmental revenue for the year ended September 30, 2005. Expenses related to these cooperation agreements totaled \$1,357,803 and have been recorded in operating expenses for the year ended September 30, 2005. Authority management is not aware of any circumstances currently existing which exposes the Authority to any significant financial risks related to these cooperation agreements.

(c) Agreements with Shenandoah Crossings, Limited Partnership (Component Unit)

On May 18, 2001, the Authority entered into a development agreement with SCLP whereby the Authority agreed to perform certain services relating to planning activities, coordination and arrangement of financing and administrative services of an apartment complex for SCLP. In return for the services provided in the agreement, the Authority is entitled to receive a developer's fee. As of September 30, 2005, \$1,300,000 in development fees have been recorded by the Authority and SCLP under this agreement. Payment is to be made with future contributions from limited partners of SCLP and cash flows of the apartment complex no later than January 1, 2009 in accordance with the development agreement. However, based on current forecasts, the Authority established a 100% allowance related to the \$1,300,000 accrued developer's fees receivable from SCLP during fiscal year 2003.

Also on May 18, 2001, the Authority entered into a supervisory management and incentive agreement with SCLP. Under the agreement, the Authority provides consulting services regarding compliance with historical tax credits, assistance in developing a marketing program and asset management services. As of and for the year ended September 30, 2005, no fees or revenues have been recorded by the Authority or SCLP under this agreement as payment is contingent upon cash flows of the apartment complex which cannot be readily determined.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

(d) Agreements with Stepping Stone, Limited Partnership (Component Unit)

On June 11, 2004, RVHC entered into a development agreement with SSLP whereby RVHC agreed to perform certain services relating to planning activities, coordination and arrangement of financing and administrative services of 15 duplex units for SSLP. In return for the services provided in the agreement, RVHC is entitled to receive a developer's fee. As of September 30, 2005, \$650,000 in development fees have been recorded by RVHC and SSLP under this agreement. Payment is to be made with future contributions from limited partners of SSLP and cash flows of the apartment complex no later than December 21, 2018 in accordance with the development agreement.

(14) Component Units – Condensed Financial Statements

The following tables reflect the condensed financial statements of the Authority's discretely presented component units, Shenandoah Crossing, Limited Partnership (SCLP) and Stepping Stone, Limited Partnership (SSLP) as of and for the year ended December 31, 2005:

Condensed Balance Sheets

Assets	SCLP	SSLP	Total
Current assets	\$ 167,219	19,719	186,938
Noncurrent assets:			
Capital assets, net	11,301,744	4,231,337	15,533,081
Other	196,781	13,917	210,698
	11,498,525	4,245,254	15,743,779
Restricted assets:			
Restricted cash and cash equivalents	155,367	69,048	224,415
Tenant deposits	53,330	—	53,330
Total noncurrent assets	11,707,222	4,314,302	16,021,524
Total assets	\$ 11,874,441	4,334,021	16,208,462
Liabilities			
Current liabilities	\$ 287,515	183,188	470,703
Noncurrent liabilities	7,877,230	1,561,156	9,438,386
Total liabilities	8,164,745	1,744,344	9,909,089
Net Assets			
Investment in capital assets, net of related debt	3,552,528	2,521,337	6,073,865
Restricted net assets:			
Restricted cash	155,367	69,048	224,415
Unrestricted net assets (deficit)	1,801	(708)	1,093
Total net assets	3,709,696	2,589,677	6,299,373
Total liabilities and net assets	\$ 11,874,441	4,334,021	16,208,462

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Basic Financial Statements

September 30, 2005

Condensed Statements of Revenues, Expenses and Changes in Net Assets

	<u>SCLP</u>	<u>SSLP</u>	<u>Total</u>
Operating revenues	\$ 830,362	103,087	933,449
Operating expenses:			
Administration	146,463	48,959	195,422
Utilities	81,566	6,312	87,878
Ordinary maintenance and operations	128,586	11,345	139,931
General	129,252	31,643	160,895
Depreciation and amortization	316,406	28,657	345,063
Interest expense	377,846	714	378,560
Total operating expenses	<u>1,180,119</u>	<u>127,630</u>	<u>1,307,749</u>
Operating loss	(349,757)	(24,543)	(374,300)
Capital contributions	<u>77,717</u>	<u>2,314,220</u>	<u>2,391,937</u>
Change in net assets	(272,040)	2,289,677	2,017,637
Net assets, beginning of year, as restated	<u>3,981,736</u> (1)	<u>300,000</u>	<u>4,281,737</u>
Net assets, end of year	\$ <u>3,709,696</u>	<u>2,589,677</u>	<u>6,299,374</u>

(1) During 2005, it was determined that funding provided to SCLP by Shenandoah Crossings, Inc. (a related party) and recorded as loans in prior years should have been treated as capital contributions in accordance with the Partnership Agreement dated September 30, 2002. Accordingly, the net assets of SCLP as of December 31, 2004 have been restated to reflect the related loans in the amount of approximately \$1.7 million as contributions to capital instead of notes payable.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Balance Sheet Information

September 30, 2005

FDS item #	Account description	Public and	HUD	Combined	Section 8 Hsg.	Section 8	Section 8	Section 8	Section 8
		Indian Housing 14,850a	Guaranteed Debt Entry		PH	Choice Voucher Program 14,871 S-8 306	Mod. Rehab. Program 14,856 004	Mod. Rehab. Program 14,856 005	Mod. Rehab. Program 14,856 006
	Assets:								
	Current assets:								
111	Cash – unrestricted	\$ 400	—	400	—	—	—	—	—
115	Cash – restricted for payment of current liabilities	—	—	—	—	—	—	—	—
112	Cash – restricted – Modernzn and Development	—	—	—	—	—	—	—	—
113	Cash – other restricted	913,864	—	913,864	—	—	—	—	—
114	Cash – tenant security deposits	154,480	—	154,480	—	—	—	—	—
100	Total cash	1,068,744	—	1,068,744	—	—	—	—	—
	Receivables:								
121	Accounts receivable – PHIA projects	—	—	—	—	—	—	—	—
122	Accounts receivable – HUD other projects	—	256,572	256,572	—	—	—	—	—
124	Accounts receivable – other government	—	—	—	6,379	—	—	—	—
125	Accounts receivable – miscellaneous	13,919	—	13,919	—	—	—	—	—
126	Accounts receivable – tenants – dwelling rents	39,054	—	39,054	—	—	—	—	—
126.1	Allowance for doubtful accounts – dwelling rents	(20,639)	—	(20,639)	—	—	—	—	—
126.2	Allowance for doubtful accounts – other	—	—	—	—	—	—	—	—
127	Notes, loans, and mortgages receivable – current	—	—	—	—	—	—	—	—
128	Fraud recovery	—	—	—	—	—	—	—	—
128.1	Allowance for doubtful accounts – fraud	37,278	—	37,278	5,927	—	—	—	—
129	Accrued interest receivable	—	—	—	—	—	—	—	—
120	Total receivables, net of allowances for doubtful accounts	69,612	256,572	326,184	12,306	—	—	—	—
	Current investments:								
131	Investments – unrestricted	4,799,574	—	4,799,574	1,093,950	—	—	—	—
135	Investments – restricted for payment of current liabilities	—	—	—	—	—	—	—	—
132	Investments – restricted	107,662	—	107,662	—	—	—	—	—
142	Prepaid expenses and other assets	207,947	—	207,947	—	—	—	—	—
143	Inventories	140,817	—	140,817	—	—	—	—	—
143.1	Allowance for obsolete inventories	—	—	—	—	—	—	—	—
144	Interprogram due from	—	—	—	—	—	—	89,631	199,997
145	Assets held for sale	—	—	—	—	—	—	—	—
146	Amount to be provided	—	—	—	—	—	—	—	—
150	Total current assets	6,394,356	256,572	6,650,928	1,106,256	32,254	89,631	78,112	199,997
	Noncurrent assets:								
	Fixed assets:								
161	Land	8,029,815	—	8,029,815	—	—	—	—	—
168	Infrastructure	—	—	—	—	—	—	—	—
162	Buildings	51,521,067	—	51,521,067	233,250	—	—	—	—
163	Furniture, equipment and machine – dwellings	—	—	—	—	—	—	—	—
164	Furniture, equipment and machine – admin.	1,707,326	—	1,707,326	126,574	—	—	—	—
165	Leasehold improvements	(44,071,414)	—	(44,071,414)	(329,411)	—	—	—	—
166	Accumulated depreciation	469,213	—	469,213	—	—	—	—	—
167	Construction in Progress	17,656,007	—	17,656,007	30,413	—	—	—	—
160	Total fixed assets, net of accumulated depreciation	17,656,007	—	17,656,007	30,413	—	—	—	—
171	Notes, loans, and mortgages receivable – noncurrent	—	—	—	—	—	—	—	—
172	Notes, loans, and mortgages receivable – noncurrent past due	—	—	—	—	—	—	—	—
173	Grants receivable – noncurrent	—	—	—	—	—	—	—	—
174	Other assets	23,862	—	23,862	—	—	—	—	—
176	Investments in joint ventures	—	—	—	—	—	—	—	—
180	Total noncurrent assets	17,679,869	—	17,679,869	30,413	—	—	—	—
190	Total assets	\$ 24,074,225	256,572	24,330,797	1,136,669	32,254	89,631	78,112	199,997

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Balance Sheet Information

September 30, 2005

FDS Item #	Account description	HOPE VI (Revit. Of) Severely Distress. PH 14,866	Resident Opportunity and Self Sufficiency 14,870	PH Capital Fund Program 14,854	Community Development Block Grant 14,218	HOME 14,239	Lead Grant 14,900	City Activities and Cooperation Agreements	HOP
Assets:									
Current assets:									
111	Cash – unrestricted	—	—	—	—	—	—	18,085	—
115	Cash – restricted for payment of current liabilities	—	—	—	—	—	—	—	—
112	Cash – restricted – Modernzn and Development	—	—	—	—	—	—	—	—
113	Cash – other restricted	—	—	—	—	—	—	220,635	—
114	Cash – tenant security deposits	—	—	—	—	—	—	—	—
100	Total cash	—	—	—	—	—	—	238,720	—
Receivables:									
121	Accounts receivable – PHIA projects	64,377	14,989	190,624	—	—	—	—	—
122	Accounts receivable – HUD other projects	—	—	—	—	42,388	—	—	—
124	Accounts receivable – other government	—	—	—	47,635	—	—	6,403,142	—
125	Accounts receivable – miscellaneous	—	—	—	40,004	—	—	—	—
126	Accounts receivable – tenants – dwelling rents	—	—	—	—	—	—	—	—
126.1	Allowance for doubtful accounts – dwelling rents	—	—	—	—	—	—	—	—
126.2	Allowance for doubtful accounts – other	—	—	—	5,231	18,500	—	144,402	—
127	Notes, loans, and mortgages receivable – current	—	—	—	—	—	—	—	—
128	Fraud recovery	—	—	—	—	—	—	—	—
128.1	Allowance for doubtful accounts – fraud	—	—	—	—	—	—	—	—
129	Accrued interest receivable	—	—	—	—	—	—	1,130	—
120	Total receivables, net of allowances for doubtful accounts	64,377	14,989	190,624	92,870	60,888	—	6,548,674	—
Current investments:									
131	Investments – unrestricted	—	—	—	—	—	—	199,188	149,391
135	Investments – restricted for payment of current liabilities	—	—	—	—	—	—	—	—
132	Investments – restricted	—	—	—	—	—	—	—	—
142	Prepaid expenses and other assets	—	—	—	—	—	—	—	—
143	Inventories	—	—	—	—	—	—	—	—
143.1	Allowance for obsolete inventories	—	—	—	—	—	—	—	—
144	Interprogram due from	104,087	—	—	—	37,042	—	223,877	377,698
145	Assets held for sale	—	—	—	—	45,306	—	—	146,433
146	Amount to be provided	—	—	—	—	—	—	—	—
150	Total current assets	168,464	14,989	190,624	92,870	143,236	—	7,210,459	673,522
Noncurrent assets:									
Fixed assets:									
161	Land	—	—	—	4,133,732	—	—	9,161,324	—
168	Infrastructure	—	—	—	813,000	—	—	1,287,000	—
162	Buildings	—	—	—	—	—	—	346,672	—
163	Furniture, equipment and machine – dwellings	—	—	—	—	—	—	—	—
164	Furniture, equipment and machine – admin.	—	—	—	—	—	—	—	—
165	Leasehold improvements	—	—	—	—	—	—	—	—
166	Accumulated depreciation	—	—	—	(77,997)	—	—	(102,150)	—
167	Construction in Progress	12,865,598	—	1,508,958	—	—	—	—	—
160	Total fixed assets, net of accumulated depreciation	12,865,598	—	1,508,958	4,868,735	—	—	10,692,846	—
171	Notes, loans, and mortgages receivable – noncurrent	15,000	—	—	444,240	1,887,858	—	2,649,037	24,000
172	Notes, loans, and mortgages receivable – noncurrent past due	—	—	—	—	—	—	—	—
173	Grants receivable – noncurrent	—	—	5,614	—	—	—	—	—
174	Other assets	—	—	—	5,451	—	—	—	—
176	Investments in joint ventures	—	—	—	—	—	—	—	—
180	Total noncurrent assets	12,880,598	—	1,514,572	5,318,426	1,887,858	—	13,341,883	24,000
190	Total assets	\$ 13,049,062	14,989	1,705,196	5,411,296	2,031,094	—	20,552,342	697,522

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Balance Sheet Information

September 30, 2005

FDS Item #	Account description	State/Local	Shelter Plus Care 14,238 401	Enterprise; RVHC; Hackley, & Brooks 400-402	Revolving Fund	Business Activities	Total Primary Government-FDS
Assets:							
Current assets:							
111	Cash – unrestricted	\$ 18,085	—	—	2,023	2,023	20,508
115	Cash – restricted for payment of current liabilities	—	—	—	—	—	—
112	Cash – restricted – Modernzin and Development	—	—	—	—	—	—
113	Cash – other restricted	220,635	—	—	—	—	1,134,499
114	Cash – tenant security deposits	—	—	—	—	—	1,54,480
100	Total cash	238,720	—	—	2,023	2,023	1,309,487
Receivables:							
121	Accounts receivable – PHA projects	—	—	—	—	—	—
122	Accounts receivable – HUD other projects	—	—	—	—	—	526,562
124	Accounts receivable – other government	6,403,142	—	—	—	—	6,499,544
125	Accounts receivable – miscellaneous	—	—	—	37,876	37,876	91,799
126	Accounts receivable – tenants – dwelling rents	—	—	7,271	—	7,271	46,325
126.1	Allowance for doubtful accounts – dwelling rents	—	—	—	—	—	(20,639)
126.2	Allowance for doubtful accounts – other	—	—	—	—	—	—
127	Notes, loans, and mortgages receivable – current	144,402	—	19,935	—	19,935	188,068
128	Fraud recovery	—	—	—	—	—	—
128.1	Allowance for doubtful accounts – fraud	—	—	—	—	—	—
129	Accrued interest receivable	1,130	—	—	2,318	2,318	46,653
120	Total receivables, net of allowances for doubtful accounts	6,548,674	—	27,206	40,194	67,400	7,378,312
Current investments:							
131	Investments – unrestricted	348,579	—	—	—	—	6,242,103
135	Investments – restricted for payment of current liabilities	—	—	—	—	—	107,662
132	Investments – restricted	—	—	—	—	—	210,447
142	Prepaid expenses and other assets	—	—	2,500	—	2,500	140,817
143	Inventories	—	—	—	—	—	—
143.1	Allowance for obsolete inventories	—	—	—	—	—	—
144	Interprogram due from	601,575	—	2,982	2,185,050	2,188,032	3,130,733
145	Assets held for sale	146,433	—	—	—	—	191,739
146	Amount to be provided	—	—	—	—	—	—
150	Total current assets	7,883,981	—	32,688	2,227,267	2,259,955	18,711,300
Noncurrent assets:							
Fixed assets:							
161	Land	9,161,324	—	252,094	—	252,094	21,576,965
168	Infrastructure	1,287,000	—	—	—	—	2,100,000
162	Buildings	346,672	—	1,474,246	—	1,474,246	53,575,235
163	Furniture, equipment and machine – dwellings	—	—	61,854	—	61,854	61,854
164	Furniture, equipment and machine – admin.	—	—	—	—	—	1,833,900
165	Leasehold improvements	—	—	—	—	—	—
166	Accumulated depreciation	(102,150)	—	(792,401)	—	(792,401)	(45,373,373)
167	Construction in Progress	—	—	—	—	—	14,843,769
160	Total fixed assets, net of accumulated depreciation	10,692,846	—	995,793	—	995,793	48,618,350
171	Notes, loans, and mortgages receivable – noncurrent	2,673,037	—	290,700	—	290,700	5,310,835
172	Notes, loans, and mortgages receivable – noncurrent past due	—	—	—	—	—	—
173	Grants receivable – noncurrent	—	—	—	—	—	5,614
174	Other assets	—	—	1,174,926	—	1,174,926	1,204,239
176	Investments in joint ventures	—	—	—	—	—	—
180	Total noncurrent assets	13,365,883	—	2,461,419	—	2,461,419	55,139,038
190	Total assets	\$ 21,249,864	—	2,494,107	2,227,267	4,721,374	73,850,338

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Balance Sheet Information

September 30, 2005

FDS Item #	Account description	Component Unit	
		Stepping Stone L.P.	Shenandoah Crossing 450-451 Component Units combined
	Assets:		
	Current assets:		
111	Cash – unrestricted	\$ —	152,511
115	Cash – restricted for payment of current liabilities	—	152,511
112	Cash – restricted – Modernzn and Development	—	—
113	Cash – other restricted	69,048	155,367
114	Cash – tenant security deposits	—	53,330
100	Total cash	69,048	361,208
	Receivables:		
121	Accounts receivable – PHA projects	—	—
122	Accounts receivable – HUD other projects	—	—
124	Accounts receivable – other government	—	—
125	Accounts receivable – miscellaneous	13,306	1,874
126	Accounts receivable – tenants – dwelling rents	3,096	—
126.1	Allowance for doubtful accounts – dwelling rents	—	—
126.2	Allowance for doubtful accounts – other	—	—
127	Notes, loans, and mortgages receivable – current	—	—
128	Fraud recovery	—	—
128.1	Allowance for doubtful accounts – fraud	—	—
129	Accrued interest receivable	—	—
120	Total receivables, net of allowances for doubtful accounts	16,402	1,874
	Current investments:		
131	Investments – unrestricted	—	—
135	Investments – restricted for payment of current liabilities	—	—
132	Investments – restricted	3,317	12,834
142	Prepaid expenses and other assets	—	—
143	Inventories	—	—
143.1	Allowance for obsolete inventories	—	—
144	Interprogram due from	—	—
145	Assets held for sale	—	—
146	Amount to be provided	—	—
150	Total current assets	88,767	375,916
	Noncurrent assets:		
	Fixed assets:		
161	Land	80,675	236,851
168	Infrastructure	—	—
162	Buildings	4,147,695	12,029,305
163	Furniture, equipment and machine – dwellings	31,596	15,854
164	Furniture, equipment and machine – admin.	—	—
165	Leasehold improvements	—	—
166	Accumulated depreciation	(28,629)	(980,266)
167	Construction in Progress	—	—
160	Total fixed assets, net of accumulated depreciation	4,231,337	11,301,744
171	Notes, loans, and mortgages receivable – noncurrent	—	—
172	Notes, loans, and mortgages receivable – noncurrent past due	—	—
173	Grants receivable – noncurrent	—	—
174	Other assets	13,917	196,781
176	Investments in joint ventures	—	—
180	Total noncurrent assets	4,245,254	11,498,525
190	Total assets	4,334,021	11,874,441
	Liabilities:		
	Current liabilities:		
151	Accounts payable	—	—
152	Accounts payable – PHA projects	—	—
153	Accounts payable – HUD other projects	—	—
154	Accounts payable – other government	—	—
155	Accounts payable – miscellaneous	13,306	1,874
156	Accounts payable – tenants – dwelling rents	3,096	—
157	Allowance for doubtful accounts – dwelling rents	—	—
158	Allowance for doubtful accounts – other	—	—
159	Notes, loans, and mortgages payable – current	—	—
160	Fraud recovery	—	—
161	Allowance for doubtful accounts – fraud	—	—
162	Accrued interest payable	—	—
163	Total current liabilities, net of allowances for doubtful accounts	16,402	1,874
	Noncurrent liabilities:		
164	Investments – unrestricted	—	—
165	Investments – restricted for payment of current liabilities	—	—
166	Investments – restricted	3,317	12,834
167	Prepaid expenses and other assets	—	—
168	Inventories	—	—
169	Allowance for obsolete inventories	—	—
170	Interprogram due from	—	—
171	Assets held for sale	—	—
172	Amount to be provided	—	—
173	Total noncurrent liabilities	3,317	12,834
174	Total liabilities	19,719	14,708
	Equity:		
175	Contributed capital	—	—
176	Retained earnings	—	—
177	Total equity	—	—
178	Total liabilities and equity	19,719	14,708

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule - Balance Sheet Information

September 30, 2005

FDS item #	Account description	Public and Indian Housing 14.850a	HUD Guaranteed Debt Entry	Combined PH	Section 8 Hsg Choice Voucher Program 14.871 S-8 306	Section 8 Mod. Rehab. Program 14.856 004		Section 8 Mod. Rehab. Program 14.856 005 S-8 304	Section 8 Mod. Rehab. Program 14.856 006 S-8 305	Section 8 Mod. Rehab. Program Total 14.856
						S-8 303	S-8 304			
Liabilities and equity:										
Liabilities:										
Current liabilities:										
311	Bank overdraft	97,570	—	97,570	—	—	—	—	—	—
312	Accounts payable < 90 days	—	—	—	3,243	7	—	—	—	—
313	Accounts payable > 90 days past due	—	—	—	—	—	—	—	—	—
321	Accrued wages/payroll taxes payable	65,389	—	65,389	10,941	80	—	—	—	—
322	Accrued compensated absences - current portion	170,582	—	170,582	30,944	—	—	—	—	—
324	Accrued contingency liability	—	—	—	—	—	—	—	—	—
325	Accrued interest payable	8,309	93,423	101,732	560,230	21,372	36,052	—	—	—
331	Accounts payable - HUD PHA programs	107,662	—	107,662	—	—	—	—	—	—
332	Accounts payable - PHA Projects	—	—	—	—	—	—	—	—	—
333	Accounts payable - other government	47,203	—	47,203	—	—	—	—	—	—
341	Tenant security deposits	154,405	—	154,405	—	—	—	—	—	—
342	Deferred revenues	—	—	—	—	—	—	—	—	—
343	Current portion of long-term debt - capital proj./mortg. rev. bonds	250,000	577,980	827,980	—	—	—	—	—	—
344	Current portion of long-term debt - operating borrowings	—	—	—	—	—	—	—	—	—
348	Loan liability - current	—	—	—	—	—	—	—	—	—
345	Other current liabilities	—	—	—	6,082	—	—	—	—	—
346	Accrued liabilities - other	—	—	—	121,226	—	—	—	—	—
347	Interprogram due to	129,801	—	129,801	—	—	—	—	—	—
310	Total current liabilities	1,030,921	671,403	1,702,324	732,666	21,459	36,139	47,156	—	104,754
Noncurrent liabilities:										
351	Long-term debt, net of current - capital projects/mortgage revenue bonus	2,335,000	3,458,920	5,793,920	—	—	—	—	—	—
352	Long-term debt, net of current - operating borrowings	—	—	—	—	—	—	—	—	—
353	Noncurrent liabilities - other	23,027	—	23,027	16,411	—	—	—	—	—
354	Accrued compensated absences - noncurrent	87,789	—	87,789	—	—	—	—	—	—
355	Loan liability - noncurrent	—	—	—	—	—	—	—	—	—
350	Total noncurrent liabilities	2,445,816	3,458,920	5,904,736	16,411	—	—	—	—	—
300	Total liabilities	3,476,737	4,130,323	7,607,060	749,077	21,459	36,139	47,156	—	104,754
Equity:										
501	Investment in general fixed assets	—	—	—	—	—	—	—	—	—
Contributed capital:										
502	Project notes (HUD)	—	—	—	—	—	—	—	—	—
503	Long-term debt - HUD guaranteed	—	—	—	—	—	—	—	—	—
504	Net HUD PHA contributions	—	—	—	—	—	—	—	—	—
505	Other HUD contributions	—	—	—	—	—	—	—	—	—
507	Other contributions	—	—	—	—	—	—	—	—	—
Total contributed capital										
508.1	Invested in capital assets, net of related debt	15,984,871	(4,036,900)	11,947,971	30,413	—	—	—	—	—
511.1	Restricted net assets	4,612,617	163,149	4,775,766	357,179	10,795	53,492	30,956	—	95,243
512.1	Unrestricted net assets	20,597,488	(3,873,751)	16,723,737	387,592	10,795	53,492	30,956	—	95,243
Total equity/net assets										
Total liabilities and equity/net assets										
600		24,074,225	256,572	24,330,797	1,136,669	32,254	89,631	78,112	—	199,997

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Balance Sheet Information

September 30, 2005

FDS item #	Account description	HOPE VI (Revit. Of) Severely Distress. PH 14,866	Resident Opportunity and Self Sufficiency 14,870	PH Capital Fund Program 14,854	Community Development Block Grant 14,218	HOME 14,239	Lead Grant 14,900	City Activities and Cooperation Agreements	HOP
Liabilities and equity:									
Liabilities:									
Current liabilities:									
311	Bank overdraft	—	—	—	—	—	—	—	—
312	Accounts payable < 90 days	12,894	7,881	18,407	6,496	35,387	—	11,295	636
313	Accounts payable > 90 days past due	—	—	—	—	—	—	—	—
321	Accrued wages/payroll taxes payable	—	1,750	5,411	5,538	—	—	2,203	54
322	Accrued compensated absences – current portion	—	—	21,298	12,988	—	—	10,649	—
324	Accrued contingency liability	—	—	—	—	—	—	—	—
325	Accrued interest payable	—	—	—	—	—	—	5,813	—
331	Accounts payable – HUD PHA programs	—	—	—	—	—	—	—	—
332	Accounts payable – PHA Projects	—	—	—	—	—	—	—	—
333	Accounts payable – other government	—	—	—	4,810	107,127	—	—	—
341	Tenant security deposits	—	—	—	—	—	—	—	—
342	Deferred revenues	—	—	—	—	—	—	—	—
343	Current portion of long-term debt – capital proj./mortg. rev. bonds	—	—	—	—	—	—	5,842,190	—
344	Current portion of long-term debt – operating borrowings	—	—	—	—	—	—	—	—
348	Loan liability – current	—	—	—	—	—	—	—	—
345	Other current liabilities	—	—	5,331	—	—	—	191,448	—
346	Accrued liabilities – other	—	—	—	1,385	—	—	503,339	—
347	Interprogram due to	—	5,358	140,177	566	—	—	—	—
310	Total current liabilities	12,894	14,989	190,624	31,783	150,686	—	6,566,937	690
Noncurrent liabilities:									
351	Long-term debt, net of current – capital projects/mortgage revenue bonus	—	—	—	—	—	—	—	—
352	Long-term debt, net of current – operating borrowings	—	—	—	—	—	—	—	—
353	Noncurrent liabilities – other	—	—	—	505,327	1,880,408	—	2,760,896	—
354	Accrued compensated absences – noncurrent	—	—	5,614	5,451	—	—	21,360	—
355	Loan liability – noncurrent	—	—	—	—	—	—	—	—
350	Total noncurrent liabilities	—	—	5,614	510,778	1,880,408	—	2,782,256	—
300	Total liabilities	12,894	14,989	196,238	542,561	2,031,094	—	9,349,193	690
Equity:									
501	Investment in general fixed assets	—	—	—	—	—	—	—	—
Contributed capital:									
502	Project notes (HUD)	—	—	—	—	—	—	—	—
503	Long-term debt – HUD guaranteed	—	—	—	—	—	—	—	—
504	Net HUD PHA contributions	—	—	—	—	—	—	—	—
505	Other HUD contributions	—	—	—	—	—	—	—	—
507	Other contributions	—	—	—	—	—	—	—	—
Total contributed capital									
508.1	Invested in capital assets, net of related debt	12,865,598	—	1,508,958	4,868,735	—	—	10,692,846	—
511.1	Restricted net assets	170,570	—	—	—	—	—	510,304	696,832
512.1	Unrestricted net assets	13,036,168	—	1,508,958	4,868,735	—	—	11,203,150	696,832
Total equity/net assets									
Total liabilities and equity/net assets									
600		\$ 13,049,062	14,989	1,705,196	5,411,296	2,031,094	—	20,552,343	697,522

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule -- Balance Sheet Information

September 30, 2005

FDS item #	Account description	State/Local		Shelter Plus Care 14,238 401	Enterprise; RVHC; Hackley, & Brooks 400-402	Revolving Fund	Business Activities	Total Primary Government-FDS
		State/Local	Local					
	Liabilities and equity:							
	Liabilities:							
	Current liabilities:							
311	Bank overdraft					393,372	393,372	393,372
312	Accounts payable < 90 days	11,931			15,987	928	16,915	210,745
313	Accounts payable > 90 days past due							
321	Accrued wages/payroll taxes payable	2,257			6,686	(73)	6,613	98,139
322	Accrued compensated absences - current portion	10,649			6,392		6,392	252,853
324	Accrued contingency liability							
325	Accrued interest payable	5,813						107,545
331	Accounts payable - HUD PHA programs							772,385
332	Accounts payable - PHA Projects							
333	Accounts payable - other government				50,395		50,395	209,535
341	Tenant security deposits				5,695		5,695	160,100
342	Deferred revenues				2,500		2,500	2,500
343	Current portion of long-term debt - capital proj./mortg. rev. bonds	5,842,190			42,500		42,500	6,712,670
344	Current portion of long-term debt - operating borrowings							
348	Loan liability - current	191,448			2,464		2,464	207,415
345	Other current liabilities	503,339			449		449	511,255
346	Accrued liabilities - other				900,565	1,833,040	2,733,605	3,130,733
347	Interprogram due to							
310	Total current liabilities	6,567,626			1,033,633	2,227,267	3,260,900	12,769,246
	Noncurrent liabilities:							
351	Long-term debt, net of current - capital projects/mortgage revenue bonus				722,500		722,500	6,516,420
352	Long-term debt, net of current - operating borrowings							
353	Noncurrent liabilities - other	2,760,896						5,186,069
354	Accrued compensated absences - noncurrent	21,360						120,214
355	Loan liability - noncurrent							
350	Total noncurrent liabilities	2,782,256			722,500		722,500	11,822,703
300	Total liabilities	9,349,882			1,756,133	2,227,267	3,983,400	24,591,949
	Equity:							
501	Investment in general fixed assets							
	Contributed capital:							
502	Project notes (HUD)							
503	Long-term debt - HUD guaranteed							
504	Net HUD PHA contributions							
505	Other HUD contributions							
507	Other contributions							
	Total contributed capital							
508.1	Invested in capital assets, net of related debt	10,692,846			230,793		230,793	42,145,314
511.1	Restricted net assets							
512.1	Unrestricted net assets	1,207,136			507,181		507,181	7,113,075
	Total equity/net assets	11,899,982			737,974		737,974	49,258,389
600	Total liabilities and equity/net assets	\$ 21,249,864			2,494,107	2,227,267	4,721,374	73,850,338

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Balance Sheet Information

September 30, 2005

FDS item #	Account description	Component		
		Stepping Stone LP	Unit Shenandoah Crossing 450-451	Component Units combined
Liabilities and equity:				
Liabilities:				
Current liabilities:				
311	Bank overdraft	—	—	—
312	Accounts payable < 90 days	8,898	173,581	182,479
313	Accounts payable > 90 days past due	—	—	—
321	Accrued wages/payroll taxes payable	—	—	—
322	Accrued compensated absences – current portion	—	—	—
324	Accrued contingency liability	—	—	—
325	Accrued interest payable	451	31,024	31,475
331	Accounts payable – HUD PHA programs	—	—	—
332	Accounts payable – PHA Projects	—	—	—
333	Accounts payable – other government	—	—	—
341	Tenant security deposits	7,500	53,277	60,777
342	Deferred revenues	—	—	—
343	Current portion of long-term debt – capital proj./mortg. rev. bonds	18,844	29,633	48,477
344	Current portion of long-term debt – operating borrowings	130,000	—	130,000
348	Loan liability – current	4,243	—	4,243
345	Other current liabilities	13,252	—	13,252
346	Accrued liabilities – other	—	—	—
347	Interprogram due to	—	—	—
310	Total current liabilities	183,188	287,515	470,703
Noncurrent liabilities:				
351	Long-term debt, net of current – capital projects/mortgage revenue bonus	911,156	5,105,304	6,016,460
352	Long-term debt, net of current – operating borrowings	—	—	—
353	Noncurrent liabilities – other	650,000	1,457,647	2,107,647
354	Accrued compensated absences – noncurrent	—	—	—
355	Loan liability – noncurrent	—	1,314,279	1,314,279
350	Total noncurrent liabilities	1,561,156	7,877,230	9,438,386
300	Total liabilities	1,744,344	8,164,745	9,909,089
Equity:				
501	Investment in general fixed assets	—	—	—
Contributed capital:				
502	Project notes (HUD)	—	—	—
503	Long-term debt – HUD guaranteed	—	—	—
504	Net HUD PHA contributions	—	—	—
505	Other HUD contributions	—	—	—
507	Other contributions	—	—	—
Total contributed capital				
508.1	Invested in capital assets, net of related debt	2,521,337	3,552,528	6,073,865
511.1	Restricted net assets	69,048	155,367	224,415
512.1	Unrestricted net assets	(708)	1,801	1,093
Total equity/net assets				
600	Total liabilities and equity/net assets	2,589,677	3,709,696	6,299,373
		\$ 4,334,021	11,874,441	16,208,462

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY
 Financial Data Schedule – Statement of Revenue and Expenses Information

September 30, 2005

FDS item #	Account description	Public and Indian Housing 14-850a	HUD Guaranteed Debt Entry	Combined PH	Section 8 Hsg Choice Voucher Program 14-871 S-8 306	Section 8 Mod. Rehab. Program 14-856 004 S-8 303	Section 8 Mod. Rehab. Program 14-856 005 S-8 304	Section 8 Mod. Rehab. Program 14-856 006 S-8 305	Section 8 Mod. Rehab. Program Total 14-856
Revenue:									
703	Net tenant rental revenue	\$ 2,352,961	—	2,352,961	—	—	—	—	—
704	Tenant revenue – other	90,906	—	90,906	—	—	—	—	—
705	Total tenant revenue	2,443,867	—	2,443,867	—	—	—	—	—
706	HUD PHA grants	5,321,757	801,737	6,123,494	6,614,902	78,061	275,302	81,931	435,294
706.1	Capital grants	—	—	—	—	—	—	—	—
708	Other government grants	—	—	—	—	—	—	—	—
710	Section 8 income	—	—	—	—	—	—	—	—
711	Investment income – unrestricted	134,235	—	134,235	25,537	33	33	33	99
712	Mortgage interest income	—	—	—	—	—	—	—	—
713	Proceeds from disposition of assets held for sale	—	—	—	—	—	—	—	—
713.1	Cost of sale of assets	—	—	—	—	—	—	—	—
714	Fraud recovery	—	—	—	2,961	—	—	—	—
715	Other revenue	92,241	—	92,241	—	—	—	—	—
716	Gain or loss on the sale of capital assets	1,075	—	1,075	—	—	—	—	—
720	Investment income – restricted	—	—	—	—	—	—	—	—
700	Total revenue	7,993,175	801,737	8,794,912	6,643,400	78,094	275,335	81,964	435,293
Expenses:									
Administrative:									
911	Administrative salaries	1,115,678	—	1,115,678	394,665	3,545	3,544	3,543	10,632
912	Auditing fees	59,674	—	59,674	8,827	150	400	300	850
913	Outside management fees	—	—	—	—	—	—	—	—
914	Compensated absences	191,978	—	191,978	35,137	538	1,576	1,145	3,259
915	Employee benefit contributions – administrative	380,204	—	380,204	140,225	1,173	1,173	1,173	3,519
916	Other operating – administrative	535,917	—	535,917	102,223	430	430	430	1,290
	Total administration	2,283,451	—	2,283,451	681,077	5,836	7,123	6,591	19,550
Tenant service:									
921	Tenant service – salaries	92,046	—	92,046	36,016	—	—	—	—
922	Relocation costs	—	—	—	—	—	—	—	—
923	Employee benefit contributions – tenant services	32,627	—	32,627	11,885	—	—	—	—
924	Tenant service – other	84,810	—	84,810	—	—	—	—	—
	Total tenant services	209,483	—	209,483	47,901	—	—	—	—
Utilities:									
931	Water	313,351	—	313,351	—	—	—	—	—
932	Electricity	478,024	—	478,024	—	—	—	—	—
933	Gas	894,168	—	894,168	—	—	—	—	—
934	Fuel	—	—	—	—	—	—	—	—
935	Labor	—	—	—	—	—	—	—	—
937	Employee benefit contributions-utilities	—	—	—	—	—	—	—	—
938	Other utilities expense	288,328	—	288,328	—	—	—	—	—
	Total utilities	1,973,871	—	1,973,871	—	—	—	—	—

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Statement of Revenue and Expenses Information

September 30, 2005

FDS item #	Account description	HOPE VI (Revit. Of) Distress. PH 14-866	Resident Opportunity and Self Sufficiency 14-870	PH Capital Fund Program 14-854	Community Development Block Grant 14-218	HOME 14-239	Lead Grant 14-900	City Activities and Cooperation Agreements	HOP
	Revenue:								
703	Net tenant rental revenue							7,003	
704	Tenant revenue – other								
705	Total tenant revenue							7,003	
706	HUD PHA grants	31,356	152,156	749,348	556,554	164,664	11,287		
706.1	Capital grants	788,177		874,934	53,249				
708	Other government grants							1,959,406	
710	Section 8 income								
711	Investment income – unrestricted							318	3,229
712	Mortgage interest income				143			112,577	(16,103)
713	Proceeds from disposition of assets held for sale								
713.1	Cost of sale of assets								
714	Fraud recovery								
715	Other revenue				2,913				
716	Gain or loss on the sale of capital assets	(6,081)			(30,700)			3	1,250
720	Investment income – restricted								
700	Total revenue	813,452	152,156	1,624,282	582,159	164,664	11,287	2,079,307	(11,624)
	Expenses:								
	Administrative:								
911	Administrative salaries	14,412		137,811	214,956	4,428	7,100	91,248	2,921
912	Auditing fees				2,710	1,322			
913	Outside management fees								
914	Compensated absences			23,628	14,768			11,814	
915	Employee benefit contributions – administrative	4,756		40,048	74,524	1,461	2,809	16,279	1,070
916	Other operating – administrative	12,188		100,272	26,805	2,755	1,378	626,923	218
	Total administration	31,356		301,759	333,763	9,966	11,287	746,264	4,209
	Tenant service:								
921	Tenant service – salaries		17,365						
922	Relocation costs								
923	Employee benefit contributions – tenant services		5,730						
924	Tenant service – other		129,061						
	Total tenant services		152,156						
	Utilities:								
931	Water								
932	Electricity							12	
933	Gas							20	
934	Fuel								
935	Labor								
937	Employee benefit contributions-utilities								
938	Other utilities expense								
	Total utilities							32	

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule - Statement of Revenue and Expenses Information

September 30, 2005

FDS item #	Account description	State/Local	Shelter Plus Care 14,238 401	Enterprises; RVHC; Hackley, & Brooks 400-402	Revolving Fund	Business Activities	Total Primary Government-FDS
	Revenue:						
703	Net tenant rental revenue	\$ 7,003	—	257,752	—	257,752	2,617,716
704	Tenant revenue - other	—	—	—	—	—	90,906
705	Total tenant revenue	7,003	—	257,752	—	257,752	2,708,622
706	HUD PHA grants	—	51,936	—	—	—	14,890,991
706.1	Capital grants	—	—	—	—	—	1,716,360
708	Other government grants	1,959,406	—	2,500	—	2,500	1,961,906
710	Section 8 income	—	—	—	—	—	—
711	Investment income - unrestricted	3,547	—	8,822	—	8,822	172,240
712	Mortgage interest income	112,577	—	3,121	—	3,121	115,841
713	Proceeds from disposition of assets held for sale	(16,103)	—	—	—	—	(16,103)
713.1	Cost of sale of assets	—	—	—	—	—	—
714	Fraud recovery	—	—	—	—	—	2,961
715	Other revenue	1,253	—	708,722	—	708,722	805,129
716	Gain or loss on the sale of capital assets	—	—	562	—	562	(35,144)
720	Investment income - restricted	—	—	—	—	—	—
700	Total revenue	2,067,683	51,936	981,479	—	981,479	22,322,803
	Expenses:						
	Administrative:						
911	Administrative salaries	94,169	5,000	65,341	—	65,341	2,064,192
912	Auditing fees	—	—	4,032	—	4,032	77,415
913	Outside management fees	—	—	—	—	—	—
914	Compensated absences	11,814	—	14,768	—	14,768	295,352
915	Employee benefit contributions - administrative	17,349	—	29,754	—	29,754	694,649
916	Other operating - administrative	627,141	—	29,023	—	29,023	1,438,992
	Total administration	750,473	5,000	142,918	—	142,918	4,570,600
	Tenant service:						
921	Tenant service - salaries	—	—	—	—	—	145,427
922	Relocation costs	—	—	—	—	—	—
923	Employee benefit contributions - tenant services	—	—	—	—	—	50,242
924	Tenant service - other	—	—	—	—	—	213,871
	Total tenant services	—	—	—	—	—	409,540
	Utilities:						
931	Water	—	—	4,181	—	4,181	317,532
932	Electricity	12	—	7,339	—	7,339	485,375
933	Gas	20	—	19,845	—	19,845	914,033
934	Fuel	—	—	—	—	—	—
935	Labor	—	—	—	—	—	—
937	Employee benefit contributions-utilities	—	—	5,928	—	5,928	294,256
938	Other utilities expense	—	—	—	—	—	—
	Total utilities	32	—	37,293	—	37,293	2,011,196

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule -- Statement of Revenue and Expenses Information

September 30, 2005

FDS item #	Account description	Component Unit		Component Units combined
		Stepping Stone LP	Shenandoah Crossing 450-451	
	Revenue:			
703	Net tenant rental revenue	\$ 85,927	712,456	798,383
704	Tenant revenue - other	3,854	—	3,854
705	Total tenant revenue	89,781	712,456	802,237
706	HUD PHA grants	—	—	—
706.1	Capital grants	—	—	—
708	Other government grants	—	—	—
710	Section 8 income	—	—	—
711	Investment income - unrestricted	—	—	—
712	Mortgage interest income	—	—	—
713	Proceeds from disposition of assets held for sale	—	—	—
713.1	Cost of sale of assets	—	—	—
714	Fraud recovery	—	—	—
715	Other revenue	13,306	117,906	131,212
716	Gain or loss on the sale of capital assets	—	—	—
720	Investment income - restricted	—	—	—
700	Total revenue	103,087	830,362	933,449
	Expenses:			
	Administrative:			
911	Administrative salaries	—	8,099	8,099
912	Auditing fees	2,250	—	2,250
913	Outside management fees	11,237	—	11,237
914	Compensated absences	—	—	—
915	Employee benefit contributions - administrative	35,472	138,364	173,836
916	Other operating - administrative	48,959	146,463	195,422
	Total administration	—	—	—
	Tenant service:			
921	Tenant service - salaries	—	—	—
922	Relocation costs	—	—	—
923	Employee benefit contributions - tenant services	—	—	—
924	Tenant service - other	—	—	—
	Total tenant services	—	—	—
	Utilities:			
931	Water	3,176	15,557	18,733
932	Electricity	620	66,009	66,629
933	Gas	—	—	—
934	Fuel	—	—	—
935	Labor	—	—	—
937	Employee benefit contributions-utilities	2,516	—	2,516
938	Other utilities expense	—	—	—
	Total utilities	6,312	81,566	87,878

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY
 Financial Data Schedule – Statement of Revenue and Expenses Information
 Year Ended September 30, 2005

FDS item #	Account description	Public and	HUD	Combined	Section 8	Section 8	Section 8	Section 8	Section 8	Section 8
		Indian Housing 14.850a	Guaranteed Debt Entry		PH	Choice Voucher Program 14.871 S-8 306	Mod. Rehab. Program 14.856 004 S-8 303	Mod. Rehab. Program 14.856 005 S-8 304	Mod. Rehab. Program 14.856 006 S-8 305	Mod. Rehab. Program Total 14.856
	Expenses (continued):									
941	Ordinary maintenance and operations – labor	\$ 1,109,977	—	1,109,977	—	—	—	—	—	—
942	Ordinary maintenance and operations – materials and other	506,364	—	506,364	74	—	—	—	—	—
943	Ordinary maintenance and operations – contract costs	464,599	—	464,599	194	—	—	—	—	—
945	Employee benefit contributions – ordinary maintenance	412,682	—	412,682	—	—	—	—	—	—
	Total ordinary maintenance	2,493,622	—	2,493,622	268	—	—	—	—	—
	Protective services:									
951	Protective services – labor	—	—	—	—	—	—	—	—	—
952	Protective services – other contract costs	35,884	—	35,884	—	—	—	—	—	—
953	Protective services – other	—	—	—	—	—	—	—	—	—
955	Employee benefit contributions – protective services	—	—	—	—	—	—	—	—	—
	Total protective services	35,884	—	35,884	—	—	—	—	—	—
	General expenses:									
961	Insurance premiums	308,217	—	308,217	14,251	155	640	278	1,073	—
962	Other general expenses	10,698	—	10,698	—	—	—	—	—	—
963	Payments in lieu of taxes	47,203	—	47,203	—	—	—	—	—	—
964	Bad debt – tenant rents	64,007	—	64,007	18,206	—	—	—	—	—
965	Bad debt – mortgages	—	—	—	—	—	—	—	—	—
966	Bad debt – other	—	—	—	—	—	—	—	—	—
967	Interest expense	105,049	238,239	343,288	—	—	—	—	—	—
968	Severance expense	—	—	—	—	—	—	—	—	—
	Total general expenses	535,174	238,239	773,413	32,457	155	640	278	1,073	—
969	Total operating expenses	7,531,485	238,239	7,769,724	761,703	5,991	7,763	6,869	20,623	—
970	Excess operating revenue over operating expenses	461,690	563,498	1,025,188	5,881,697	72,103	267,572	75,095	414,770	—
971	Extraordinary maintenance	29,749	—	29,749	—	—	—	—	—	—
972	Casualty losses – noncapitalized	(235)	—	(235)	—	—	—	—	—	—
973	Housing assistance payments	—	—	—	5,601,381	69,080	248,973	62,612	380,665	—
974	Depreciation expense	1,785,504	—	1,785,504	15,546	—	—	—	—	—
975	Fraud losses	—	—	—	—	—	—	—	—	—
976	Capital outlays-governmental funds	—	—	—	—	—	—	—	—	—
977	Debt principal payment-governmental funds	—	—	—	—	—	—	—	—	—
978	Dwelling units rent expense	—	—	—	—	—	—	—	—	—
900	Total expenses	9,346,503	238,239	9,584,742	6,378,630	75,071	256,736	69,481	401,288	—
1000	Excess (deficiency) of revenue over expenses	(905,738)	563,498	(342,240)	264,770	3,023	18,599	12,483	34,105	—
	Other financing sources (uses):									
1001	Operating transfers in	447,590	—	447,590	—	—	—	—	—	—
1002	Operating transfers out	—	—	—	—	—	—	—	—	—
1003	Operating transfers from/to primary government	—	—	—	—	—	—	—	—	—
1004	Operating transfers from/to component unit	—	—	—	—	—	—	—	—	—
1005	Proceeds from notes, loans, bonds	—	—	—	—	—	—	—	—	—
1006	Proceeds from property sales	—	—	—	—	—	—	—	—	—
1007	Extraordinary items (net gain/loss)	—	—	—	—	—	—	—	—	—
1008	Special items (net gain/loss)	—	—	—	—	—	—	—	—	—
1010	Total other financing sources (uses)	447,590	—	447,590	—	—	—	—	—	—

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Statement of Revenue and Expenses Information

Year Ended September 30, 2005

FDS item #	Account description	HOPE VI (Revit. Of) Severely Distress. PH 14,866	Resident Opportunity and Self Sufficiency 14,870	PH Capital Fund Program 14,854	Community Development Block Grant 14,218	HOME 14,239	Lead Grant 14,900	City Activities and Cooperation Agreements	HOP
	Expenses (continued):								
941	Ordinary maintenance and operations – labor	\$							
942	Ordinary maintenance and operations – materials and other				14			18	(21)
943	Ordinary maintenance and operations – contract costs							782	
945	Employee benefit contributions – ordinary maintenance								
	Total ordinary maintenance				14			800	(21)
	Protective services:								
951	Protective services – labor								
952	Protective services – other contract costs								
953	Protective services – other								
955	Employee benefit contributions – protective services								
	Total protective services								
	General expenses:								
961	Insurance premiums				4,493	650		676	
962	Other general expenses				221,340	154,048			2
963	Payments in lieu of taxes								
964	Bad debt – tenant rents								
965	Bad debt – mortgages								
966	Bad debt – other							105,260	
967	Interest expense								
968	Severance expense								
	Total general expenses				225,833	154,698		105,936	2
969	Total operating expenses	31,356	152,156	301,759	559,610	164,664	11,287	853,032	4,190
970	Excess operating revenue over operating expenses	782,096		1,322,523	22,549			1,226,275	15,814
971	Extraordinary maintenance								
972	Casualty losses – noncapitalized								
973	Housing assistance payments								
974	Depreciation expense				33,357			69,450	
975	Fraud losses								
976	Capital outlays-governmental funds								
977	Debt principal payment-governmental funds								
978	Dwelling units rent expense								
900	Total expenses	31,356	152,156	301,759	592,967	164,664	11,287	922,482	4,190
1000	Excess (deficiency) of revenue over expenses	782,096		874,933	(10,805)			1,156,825	(15,814)
	Other financing sources (uses):								
1001	Operating transfers in								
1002	Operating transfers out			(447,590)					
1003	Operating transfers from/to primary government								
1004	Operating transfers from/to component unit								
1005	Proceeds from notes, loans, bonds								
1006	Proceeds from property sales								
1007	Extraordinary items (net gain/loss)								
1008	Special items (net gain/loss)								
1010	Total other financing sources (uses)			(447,590)					

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule - Statement of Revenue and Expenses Information

Year Ended September 30, 2005

FDS item #	Account description	State/ Local	Shelter Plus Care 14,238 401	Enterprise; RVHC; Hackley, & Brooks 400-402	Revolving Fund	Business Activities	Total Primary Government- FDS
	Expenses (continued):						
941	Ordinary maintenance and operations - labor	—	—	54,939	—	54,939	1,164,916
942	Ordinary maintenance and operations - materials and other	(3)	—	15,979	—	15,979	522,428
943	Ordinary maintenance and operations - contract costs	782	—	7,588	—	7,588	473,163
945	Employee benefit contributions - ordinary maintenance	—	—	18,891	—	18,891	431,573
	Total ordinary maintenance	779	—	97,397	—	97,397	2,592,080
	Protective services:						
951	Protective services - labor	—	—	—	—	—	—
952	Protective services - other contract costs	—	—	—	—	—	35,884
953	Protective services - other	—	—	—	—	—	—
955	Employee benefit contributions - protective services	—	—	—	—	—	—
	Total protective services	—	—	—	—	—	35,884
	General expenses:						
961	Insurance premiums	676	—	16,851	—	16,851	346,211
962	Other general expenses	2	—	7,920	—	7,920	394,008
963	Payments in lieu of taxes	—	—	—	—	—	47,203
964	Bad debt - tenant rents	—	—	1,343	—	1,343	83,556
965	Bad debt - mortgages	—	—	—	—	—	—
966	Bad debt - other	—	—	170,244	—	170,244	170,244
967	Interest expense	105,260	—	32,761	—	32,761	481,309
968	Severance expense	—	—	—	—	—	—
	Total general expenses	105,938	—	229,119	—	229,119	1,522,531
969	Total operating expenses	857,222	5,000	506,727	—	506,727	11,141,830
970	Excess operating revenue over operating expenses	1,210,461	46,936	474,752	—	474,752	11,180,972
	Extraordinary maintenance	—	—	—	—	—	—
971	Casualty losses - noncapitalized	—	—	—	—	—	(235)
972	Housing assistance payments	—	46,936	—	—	—	6,028,982
973	Depreciation expense	69,450	—	105,861	—	105,861	2,009,718
974	Fraud losses	—	—	—	—	—	—
975	Capital outlays-governmental funds	—	—	—	—	—	—
976	Debt principal payment-governmental funds	—	—	—	—	—	—
977	Dwelling units rent expense	—	—	—	—	—	—
978	Total expenses	926,672	51,936	612,588	—	612,588	19,210,044
900	Excess (deficiency) of revenue over expenses	\$ 1,141,011	—	368,891	—	368,891	3,112,759
1000	Other financing sources (uses):						
1001	Operating transfers in	—	—	—	—	—	447,590
1002	Operating transfers out	—	—	—	—	—	(447,590)
1003	Operating transfers from/to primary government	—	—	—	—	—	—
1004	Operating transfers from/to component unit	—	—	—	—	—	—
1005	Proceeds from notes, loans, bonds	—	—	—	—	—	—
1006	Proceeds from property sales	—	—	—	—	—	—
1007	Extraordinary items (net gain/loss)	—	—	—	—	—	—
1008	Special items (net gain/loss)	—	—	—	—	—	—
1010	Total other financing sources (uses)	—	—	—	—	—	—

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Statement of Revenue and Expenses Information

Year Ended September 30, 2005

FDS item #	Account description	Component Unit		
		Stepping Stone L.P.	Shenandoah Crossing 450-451	Component Units combined
	Expenses (continued):			
941	Ordinary maintenance and operations – labor	\$	—	—
942	Ordinary maintenance and operations – materials and other	15	128,586	128,601
943	Ordinary maintenance and operations – contract costs	11,330	—	11,330
945	Employee benefit contributions – ordinary maintenance	—	—	—
	Total ordinary maintenance	11,345	128,586	139,931
	Protective services:			
951	Protective services – labor	—	—	—
952	Protective services – other contract costs	—	—	—
953	Protective services – other	—	—	—
955	Employee benefit contributions – protective services	—	—	—
	Total protective services	—	—	—
	General expenses:			
961	Insurance premiums	6,643	45,563	52,206
962	Other general expenses	25,000	—	25,000
963	Payments in lieu of taxes	—	83,689	83,689
964	Bad debt – tenant rents	—	—	—
965	Bad debt – mortgages	—	—	—
966	Bad debt – other	—	—	—
967	Interest expense	714	377,846	378,560
968	Severance expense	—	—	—
	Total general expenses	32,357	507,098	539,455
969	Total operating expenses	98,973	863,713	962,686
970	Excess operating revenue over operating expenses	4,114	(33,351)	(28,237)
971	Extraordinary maintenance	—	—	—
972	Casualty losses – noncapitalized	—	—	—
973	Housing assistance payments	—	—	—
974	Depreciation expense	28,657	316,406	345,063
975	Fraud losses	—	—	—
976	Capital outlays-governmental funds	—	—	—
977	Debt principal payment-governmental funds	—	—	—
978	Dwelling units rent expense	—	—	—
900	Total expenses	127,630	1,180,119	1,307,749
1000	Excess (deficiency) of revenue over expenses	\$ (24,543)	(349,757)	(374,300)
	Other financing sources (uses):			
1001	Operating transfers in	—	—	—
1002	Operating transfers out	—	—	—
1003	Operating transfers from/to primary government	—	—	—
1004	Operating transfers from/to component unit	—	—	—
1005	Proceeds from notes, loans, bonds	—	—	—
1006	Proceeds from property sales	—	—	—
1007	Extraordinary items (net gain/loss)	—	—	—
1008	Special items (net gain/loss)	—	—	—
1010	Total other financing sources (uses)	—	—	—

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY
 Financial Data Schedule – Statement of Revenue and Expenses Information
 Year Ended September 30, 2005

FDS item #	Account description	Public and Indian Housing 14.850a	HUD Guaranteed Debt Entry	Combined PH	Section 8 Hsg Choice Voucher Program 14.871 S-8.306	Section 8 Mod. Rehab. Program 14.856 004 S-8.303	Section 8 Mod. Rehab. Program 14.856 005 S-8.304	Section 8 Mod. Rehab. Program 14.856 006 S-8.305	Section 8 Mod. Rehab. Program Total 14.856
	Memo account information:								
	Capital outlays-enterprise funds	\$							
1101	Debt principal payments-enterprise funds								
1102	Beginning equity	18,147,769	(4,437,249)	13,710,520	122,823	7,772	34,893	18,473	61,138
1103	Prior period adjs, Equity Trans, Correctn of errors	3,355,457		3,355,457					
1104	Changes in compensated absence liab. balance								
1105	Changes in contingent liability balance								
1106	Changes in unrecognized pension transition liab.								
1107	Changes in special term/severance benefits liab.								
1108	Changes in allowance for doubtful accounts – dwelling rents								
1109	Changes in allowance for doubtful accounts – other								
1110	Depreciation "add back"								
1111	Maximum Annual Contribution Commitment per ACC				6,810,122	65,649	38,048	119,970	223,667
1112	Prorata maximum Annual Cont App to less than 12 mo								
1113	Contingency Reserve, ACC program Reserve					190,087	2,103,293	515,067	2,808,447
1114	Total Annual Contributions Available								
1115	Gross number of unit months available	15,720		15,720	17,496	240	710	516	1,466
1116	Number of unit months leased	14,340		14,340	15,830	215	654	388	1,257

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY
 Financial Data Schedule -- Statement of Revenue and Expenses Information

Year Ended September 30, 2005

FDS item #	Account description	HOPE VI (Revit. Of Severely Distress. PH 14.866	Resident Opportunity and Self Sufficiency 14.870	PH Capital Fund Program 14.854	Community Development Block Grant 14.218	HOME 14.239	Lead Grant 14.900	City Activities and Cooperation Agreements	HOP
	Memo account information:								
1101	Capital outlays-enterprise funds	\$							
1102	Debt principal payments-enterprise funds								
1103	Beginning equity	12,254,072		3,989,481	4,879,543			10,046,325	712,646
1104	Prior period adj.			(3,355,456)					
1105	Equity Trans. Correctn of errors								
1106	Changes in compensated absence liab. balance								
1107	Changes in contingent liability balance								
1108	Changes in unrecognized pension transition liab.								
1109	Changes in special term/severance benefits liab.								
1110	Changes in allow for doubtful accounts - dwelling rents								
1111	Changes in allowance for doubtful accounts - other								
1112	Depreciation "add back"								
1113	Maximum Annual Contribution Commitment per ACC								
1114	Prorate maximum Annual Cont App to less than 12 mo								
1115	Contingency Reserve, ACC program Reserve								
1116	Total Annual Contributions Available								
1120	Gross number of unit months available							35	
1121	Number of unit months leased							35	

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY
 Financial Data Schedule – Statement of Revenue and Expenses Information
 Year Ended September 30, 2005

FDS item #	Account description	State/ Local		Shelter Plus Care 14.238 401	Enterprise; RVHC; Hackley, & Brooks 400-402	Revolving Fund	Business Activities	Total Primary Government- FDS
	Memo account information:							
	Capital outlays-enterprise funds		\$					
1101	Debt principal payments-enterprise funds							
1102	Beginning equity	10,758,971			369,083		369,083	46,145,631
1103	Prior period adjs. Equity Trans. Correctn of errors							(1)
1104	Changes in compensated absence liab. balance							
1105	Changes in contingent liability balance							
1106	Changes in unrecognized pension transition liab.							
1107	Changes in special term/severance benefits liab.							
1108	Changes in allow for doubtful accounts – dwelling rents							
1109	Changes in allowance for doubtful accounts – other							
1110	Depreciation "add back"							
1111	Maximum Annual Contribution Commitment per ACC							7,033,789
1112	Prorata maximum Annual Cont App to less than 12 mo							
1113	Contingency Reserve, ACC program Reserve							2,808,447
1114	Total Annual Contributions Available						677	35,543
1115	Gross number of unit months available	35		149	677		662	32,273
1116	Number of unit months leased	35		149	662			
1120								
1121								

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Financial Data Schedule – Statement of Revenue and Expenses Information

Year Ended September 30, 2005

FDS item #	Account description	Stepping Stone LP	Component Unit	
			Shenandoah Crossing 450-451	Component Units combined
	Memo account information:			
	Capital outlays-enterprise funds	\$		
1101	Debt principal payments-enterprise funds			
1102	Beginning equity	300,000	1,888,980	2,188,980
1103	Prior period adjs, Equity Trans, Correctn of errors	2,314,220	2,170,473	4,484,693
1104	Changes in compensated absence liab. balance			
1105	Changes in contingent liability balance			
1106	Changes in unrecognized pension transition liab.			
1107	Changes in special term/severance benefits liab.			
1108	Changes in allow for doubtful accounts – dwelling rents			
1109	Changes in allowance for doubtful accounts – other			
1110	Depreciation “add back”			
1111	Maximum Annual Contribution Commitment per ACC			
1112	Prorata maximum Annual Cont App to less than 12 mo			
1113	Contingency Reserve, ACC program Reserve			
1114	Total Annual Contributions Available			
1115	Gross number of unit months available	164	1,044	1,208
1116	Number of unit months leased	164	936	1,100

See accompanying notes to Financial Data Schedule.

See accompanying independent auditors' report on financial statements and supplementary schedules.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Financial Data Schedule

Year ended September 30, 2005

(1) Basis of Presentation

The Financial Data Schedule has been prepared using the basis of accounting required by HUD's Real Estate Assessment Center (REAC).

(2) Reconciliation to Financial Statements

The following reconciles combined balances for RRHA of total assets, total liabilities, total equity (net assets) and net income (changes in net assets) per the Financial Data Schedule to the financial statements:

	<u>Total assets</u>	<u>Total liabilities</u>	<u>Total equity</u>	<u>Net income</u>
Balances per Financial Data Schedule	\$ 73,850,338	24,591,949	49,258,389	3,112,758
Elimination of interprogram balances	(3,524,105)	(3,524,105)	—	—
Bank overdraft	<u>218,384</u>	<u>218,384</u>	<u>—</u>	<u>—</u>
Balances per basic financial statements	<u>\$ 70,544,617</u>	<u>21,286,228</u>	<u>49,258,389</u>	<u>3,112,758</u>

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Schedule of Expenditures of Federal Awards

Year ended September 30, 2005

<u>Federal grant/program or cluster</u>	<u>Federal CFDA number</u>	<u>Grant number</u>	<u>Grant year</u>	<u>Federal expenditures</u>
U.S. Department of Housing and Urban Development:				
Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation	14.856	—	—	\$ 435,294
Public and Indian Housing:				
Annual Contributions for Debt Service	14.850	—	—	801,737
Operating Subsidy	14.850	VA011-001-05S	2005	5,123,357
Operating Subsidy	14.850	VA011-999-05S	2005	198,400
Resident Opportunity and Self Sufficiency (650)	14.870	VA01RSF011P0054	2001	49,760
Resident Opportunity and Self Sufficiency (651)	14.870	VA011RHH026A003	2004	74,699
Resident Opportunity and Self Sufficiency (652)	14.870	VA011RFS041A004	2005	17,435
Resident Opportunity and Self Sufficiency (653)	14.870	VA011REF044A004	2005	10,262
Capital Fund Program (252)	14.872	VA36R011501-01	2002	3,709
Capital Fund Program (504)	14.872	VA36P011501-03	2003	547,910
Capital Fund Program (505)	14.872	VA36P011501-04	2004	1,072,154
Capital Fund Program (506)	14.872	VA36P011501-05	2005	509
Total Public and Indian Housing				<u>7,899,932</u>
Revitalization of Severely Distressed				
Public Housing (HOPE VI)	14.866	VA-9-URD-011-I198	1998	788,177
2004 Hope VI Neighborhood Network	14.866	VA-36-URD-011-N103	2003	31,356
Section 8 Tenant-Based Cluster:				
Rental Voucher Program	14.871	—		<u>6,614,902</u>
Passed Through the City of Roanoke:				
Community Development Block Grant	14.218	—		609,803
Shelter Plus Care	14.238	—		51,936
HOME Investment Partnerships Program	14.239	—		164,664
Lead Based Paint Hazard Control	14.900	—		11,287
Total pass through				<u>837,690</u>
Total federal awards expended				<u>\$ 16,607,351</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

See accompanying independent auditors' report on financial statements and supplementary schedules.

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Notes to Schedule of Expenditure of Federal Awards

Year ended September 30, 2005

(1) Scope of Audit Pursuant to OMB Circular A-133

The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the Authority. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies or other entities are included in the Schedule.

(2) Basis of Presentation

The Authority's Schedule of Expenditures of Federal Awards has been prepared using the same basis of accounting as the September 30, 2005 financial statements of the Authority. The Authority reports to HUD using the accrual basis of accounting. A complete description of the basis of accounting is included in note 1 to those financial statements.

(3) Bonds Outstanding

Various bonds were issued by the Authority to finance projects for which the annual debt service payments are paid by annual contributions from HUD. At September 30, 2005, the outstanding balance of such debt was \$4,036,900. This loan program is not considered a federal award because there are no continuing compliance requirements under CFDA #14.850, Public and Indian Housing. This outstanding balance has not been included in the Schedule.

(4) Contingencies

In connection with various federal grant programs, the Authority is obligated to administer related programs and spend the funds in accordance with regulatory restrictions, and is subject to audit by grantor agencies and other auditors. In cases of noncompliance, the agencies involved may require the Authority to refund program funds.



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

The Board of Commissioners
Roanoke Redevelopment and Housing Authority:

We have audited the financial statements of the Roanoke Redevelopment and Housing Authority (the Authority) as of and for the year ended September 30, 2005, and have issued our report thereon dated December 16, 2005, which included a reference to the reports of other auditors. Our report includes a paragraph explaining that the net assets of one of the component units included in the aggregate discretely presented component units as of December 31, 2004 have been restated. 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. The financial statements of Shenandoah Crossings, Limited Partnership were audited in accordance with *Government Auditing Standards*, and the financial statements of Stepping Stone, Limited Partnership were not audited in accordance with *Government Auditing Standards*.

Our consideration of internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters did not include the entities audited by other auditors referred to in the previous paragraph. The findings, if any, of those other auditors are not included herein.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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



We noted certain matters that we reported to management of the Authority in a separate letter dated December 16, 2005.

This report is intended solely for the information and use of the board of commissioners and management of the Authority, its cognizant audit agency, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 16, 2005



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**Report on Compliance with Requirements Applicable to
Each Major Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133**

The Board of Commissioners
Roanoke Redevelopment and Housing Authority:

Compliance

We have audited the compliance of the Roanoke Redevelopment and Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grant agreements caused



by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of commissioners and management of the Authority, its cognizant audit agency, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 16, 2005

ROANOKE REDEVELOPMENT AND HOUSING AUTHORITY

Schedule of Findings and Questioned Costs

September 30, 2005

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: unqualified opinion.
- (b) Reportable conditions in internal control were disclosed by the audit of the financial statements: no. Material weaknesses: none.
- (c) Noncompliance which is material to the financial statements: none.
- (d) Reportable conditions in internal control over major programs: no. Material weaknesses: none.
- (e) The type of report issued on compliance for major programs: unqualified opinion.
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: no.
- (g) Major programs:

Program	CFDA number
Community Development Block Grant (CDBG)	14.218
Public and Indian Housing	14.850
Demolition and Revitalization of Severely Distressed Public Housing (HOPE VI)	14.866
Section 8 Housing – Choice Vouchers	14.871
Public Housing – Capital Fund	14.872

- (h) Dollar threshold used to distinguish between Type A Programs and Type B Programs: \$498,221.
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes.

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None.

(3) Findings and Questioned Costs Relating to Federal Awards:

None.