

Roanoke Redevelopment and Housing Authority

FINANCIAL STATEMENTS

Roanoke Redevelopment and Housing Authority

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September 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Roanoke Redevelopment and Housing Authority:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Roanoke Redevelopment and Housing Authority, (the "Authority"), as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis contained on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Roanoke Redevelopment and Housing Authority basic financial statements. The accompanying information listed as supplemental information, including the Financial Data Schedule and Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards and the financial data schedule are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019 on our consideration of the Roanoke Redevelopment and Housing Authority's internal control over financial reporting and our tests on its compliance with certain provisions of laws, regulations, contracts, 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* in considering Roanoke Redevelopment and Housing Authority's internal control over financial reporting and compliance.

March 14, 2019  
Toms River, New Jersey

*Imp, Perry and Company LLP*

# ROANOKE REDEVELOPMENT & HOUSING AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2018

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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 activities for the fiscal year ended September 30, 2018. Please read this overview of the Authority's financial activities in conjunction with the financial statements which begin on page 10.

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and other supplementary information. The basic financial statements are composed of two parts: 1) the financial statements and 2) the notes to the basic financial statements. The other supplementary information included in the financial section of the report presents required information as well as some information that is not required yet considered of interest to readers of the report.

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 management discussion and analysis.

### **FINANCIAL HIGHLIGHTS**

The Authority's fiscal year 2018 major financial highlights included the following:

Total assets and liabilities of the Authority were approximately \$56 million and \$3.6 million respectively; with a total net position of \$52.4 million at September 30, 2018.

Total assets decreased during the year by approximately \$549 thousand due to a decrease in fixed assets, notes receivable, and deferred outflows combined with an increase in cash and other assets.

Total liabilities decreased during the year by approximately \$168 thousand due to a decrease in Notes Payable combined with increases in Deferred Revenues and Inflows, and Accounts Payable.

Total Revenues (including capital contributions and grants) and expenses were approximately \$24.7 million and \$25.1 million respectively.

Revenues are derived from various sources with approximately 83% received either directly from the U. S. Department of Housing and Urban Development (HUD) or indirectly from the City. Rental Revenues account for an additional 14% of total revenue; the remaining 3% of revenue balance is derived from the sale of assets, miscellaneous fees for services, and nonoperating sources (miscellaneous leasing fees).

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

### 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, 2018, the Authority owned over 1275 residential units that are leased to low-income families and individuals. In addition, housing assistance was paid to over 1,835 households under the Federal Housing Choice Voucher program for privately owned existing housing.

### BASIC FINANCIAL STATEMENTS

The Authority is presenting its fiscal year 2018 management's discussion and analysis based on the financial results of its enterprise programs in three basic financial statements - the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. The statement of net position reports all financial and capital assets of the Authority and is presented in a format where assets equal liabilities plus net position. Net position is broken down into the following three categories:

- *Net position, 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 position* 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 position* consists of net position that do not meet the definition of net position invested in capital assets, net of related debt, or restricted net position.

The statement of revenues, expenses, and changes in net position includes operating revenues, such as operating grants and rental income; operating expenses, such as administrative, utilities, maintenance, and depreciation; and nonoperating revenues and expenses, such as investment income, interest expense, capital contributions and special items, such as impairment loss on capital assets. The statement's focus is the change in net position, 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.

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 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 loan proceeds. The Authority also administers housing and community development activities in which funding is controlled at the City level.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**FINANCIAL ANALYSIS OF THE AUTHORITY (ENTERPRISE FUND)**

The following table summarizes the changes in net position between September 30, 2018 and 2017 for the Authority as a whole:

	<u>2018</u>	<u>2017</u>	<u>NET CHANGE</u>	<u>%</u>
Cash	\$ 15,813,607	\$ 14,496,511	\$ 1,317,096	9.09%
Current Assets	2,357,004	2,396,195	(39,191)	-1.64%
Non-current Assets	1,677,254	1,791,012	(113,758)	-6.35%
Capital Assets - Net	36,162,576	37,876,007	(1,713,431)	-4.52%
Total Assets	<u>56,010,441</u>	<u>56,559,725</u>	<u>(549,284)</u>	<u>-0.97%</u>
Current Liabilities	1,700,648	1,585,245	115,403	7.28%
Non-current Liabilities	1,916,684	2,200,037	(283,353)	-12.88%
Total Liabilities	<u>3,617,332</u>	<u>3,785,282</u>	<u>(167,950)</u>	<u>-4.44%</u>
Invested in Capital Assets -net of Related Debt	35,884,432	37,408,976	(1,524,544)	-4.08%
Restricted Net Position	1,730,312	292,904	1,437,408	490.74%
Unrestricted Net Position	14,778,365	15,072,563	(294,198)	-1.95%
Total Net Position	<u>\$ 52,393,109</u>	<u>\$ 52,774,443</u>	<u>\$ (381,334)</u>	<u>-0.72%</u>

Total assets of the Authority remained relatively unchanged for the 2018 fiscal year. Various individual asset categories experienced some significant changes that both increased and decreased assets during the year and combined to negate the overall effect.

Cash increased approximately \$1.3 million or 9% due to Public Housing and Central office net income and program income from the South Jefferson Redevelopment Plan.

Current assets decreased approximately 1.6% as a result of a decrease in mortgage receivables which were forgiven, and fraud recovery which was higher in 2017 due to a revenue recognition change in Section Eight fraud recovery.

Noncurrent assets decreased 6% due to payments and forgiveness of mortgages receivable and a decrease in deferred outflows from the pension account.

Capital Assets decreased 4.5% due to annual depreciation.

Total liabilities decreased 4.4% from prior year. Both current liabilities experienced a slight increase during the year while non-current liabilities showed a small decrease.

Current Liabilities increased 7% primarily due to an increase in accounts payable to outside vendors, deferred revenue, and other current liabilities.

Non-current liabilities decreased during the year by approximately 13% due to a decrease in loans and mortgages payable.

Total net position remained relatively unchanged from the prior year.

Restricted Net Position increased 491% due to the restriction placed on Public Housing Reserves for future modernization improvements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

The following table summarizes the changes in operations between fiscal years 2018 and 2017 for the Authority as a whole:

	<u>2018</u>	<u>2017</u>	<u>NET CHANGE</u>	<u>%</u>
Tenant Rental Revenue	\$ 3,499,601	\$ 3,578,225	\$ (78,624)	-2.20%
HUD Operating Grants	19,339,157	19,839,425	(500,268)	-2.52%
Other Revenue	<u>606,720</u>	<u>649,616</u>	<u>(42,896)</u>	<u>-6.60%</u>
Total Operating Revenue	23,445,478	24,067,266	(621,788)	-2.58%
<b>Operating Expenses:</b>				
Administrative	3,157,481	3,269,156	(111,675)	-3.42%
Tenant Services	849,612	996,637	(147,025)	-14.75%
Utilities	1,886,553	1,899,635	(13,082)	-0.69%
Maintenance	2,755,018	2,877,746	(122,728)	-4.26%
Protective Services	186,796	160,996	25,800	16.03%
General Expenses	985,660	965,090	20,570	2.13%
Housing Assistance Payments	12,070,525	12,734,018	(663,493)	-5.21%
Depreciation	<u>2,812,739</u>	<u>2,830,947</u>	<u>(18,208)</u>	<u>-0.64%</u>
Total Operating Expenses	24,704,384	25,734,225	(1,029,841)	-4.00%
Operating Income (Loss)	(1,258,906)	(1,666,959)	408,053	-24.48%
<b>Non-operating Revenue (Expenses):</b>				
Investment Income/ Mortgage Interest	7,486	22,358	(14,872)	-66.52%
Interest Expense	(19,630)	(28,247)	8,617	-30.51%
Extraordinary Maintenance	(392,711)	(452,291)	59,580	-13.17%
Casualty losses	(6,138)	(10,270)	4,132	-40.23%
Gain on the Sale of Capital Assets	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>100.00%</u>
Non-operating Loss	(407,993)	(468,450)	60,457	-12.91%
HUD Capital Grants	<u>1,285,565</u>	<u>1,922,197</u>	<u>(636,632)</u>	<u>-33.12%</u>
Net Change	<u>(381,334)</u>	<u>(213,212)</u>	<u>(168,122)</u>	<u>78.85%</u>
Beginning Net Position	52,774,443	52,712,815	61,628	0.12%
Equity Adjustments	<u>-</u>	<u>274,840</u>	<u>(274,840)</u>	<u>-100.00%</u>
Total Net Position	<u>\$ 52,393,109</u>	<u>\$ 52,774,443</u>	<u>\$ (381,334)</u>	<u>-0.72%</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Total Operating Revenue decreased 2.6% due to a decline across all major categories of tenant rental revenue, HUD operating grants, and other revenue.

Tenant Rental Revenue decreased slightly due to tenant participation in the Jobs Plus program.

HUD Operating grants decreased \$500 thousand or 2.5% due to a decrease in rented Section Eight units.

Other Revenue decreased approximately \$43 thousand or 7% due to the absorption of portability-in vouchers and a change in the recording of fraud recovery in the Section Eight Program, a decrease of in-kind donations in Central office, and decreased management fee income in Business Activities program.

Total Operating expenses decreased by \$1 million or 4% primarily due to a decrease in housing assistance payments, administrative, tenant services, and maintenance expenses.

Administrative expenses decreased \$112 thousand due to decreased salary expenses from position changes.

Tenant Services expenses decreased approximately \$147 thousand due to a decrease in salary expenditures by use of temporary employees in ROSS and vacated positions remaining open through several pay periods.

Maintenance expenses decreased \$122 thousand due to employee compensation, grounds maintenance contracts, and unit turnaround.

Protective Services increased \$25,800 or 16% due to increased use of the contract with Roanoke City police to patrol public housing sites.

Housing Assistance Payments decreased \$663 thousand or 5% due to a decrease in rented units in the Section Eight program.

Operating Loss decreased \$408 thousand or 24% due to the decrease in expenses exceeding the decrease in revenues.

Mortgage Interest decreased 66.5% due to mortgage loans that were paid off during the year.

Interest Expense decreased 30.5% due to the regularly scheduled payments on Replacement Housing funded notes.

Extraordinary Maintenance decreased 13% due to decreased spending in maintenance of Public Housing sites.

Casualty losses decreased 40% due to an decrease in Public Housing unit damage due to fires and vehicle damage.

HUD Capital Grants decreased \$636 thousand or 33% due to a decrease in capital grant expenditures during the year.

Overall the Authority had a larger loss for 2018 than 2017 with the biggest contributor being a decline in HUD revenues.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets:*

The following table summarizes the changes in capital assets between September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Net Change</u>	<u>Variance</u>
Land	\$ 16,706,095	\$ 16,576,578	\$ 129,517	0.78%
Infrastructure	3,109,317	3,109,317	-	0.00%
Buildings and Improvements	77,920,583	76,729,453	1,191,130	1.55%
Furniture and Equipment	3,702,559	3,715,056	(12,497)	-0.34%
Construction in Progress	3,618,822	3,877,658	(258,836)	-6.68%
Total	<u>105,057,376</u>	<u>104,008,062</u>	<u>1,049,314</u>	<u>1.01%</u>
Accumulated Depreciation	<u>(68,894,800)</u>	<u>(66,132,055)</u>	<u>(2,762,745)</u>	<u>4.18%</u>
Net Capital Assets	<u>\$ 36,162,576</u>	<u>\$ 37,876,007</u>	<u>\$ (1,713,431)</u>	<u>-4.52%</u>

Variances in capital assets were primarily due to modernization projects that were active or completed during the year.

*Debt Administration:*

- *City of Roanoke Loans* - the Authority entered into an agreement with the City of Roanoke to finance a portion of home rehabilitation loans. The outstanding balance on amounts owed to the City of Roanoke was \$511,665 at September 30, 2018.

**Economic Factors**

The Authority continues to face uncertainties regarding the subsidized funding levels provided by HUD for its assisted housing programs. These uncertainties have both an immediate and long range impact on the operations of the Authority. In 2018 the Authority received 83% of its funding from HUD.

The Public Housing program funding percentages by fiscal year are shown below. Prior to 2010 housing agencies had not been fully funded since 2002.

<u>Fiscal Year</u>	<u>Percentage</u>	<u>Fiscal Year</u>	<u>Percentage</u>
2018	93%	2014	88%
2017	93%	2013	82%
2016	90%	2012	95%
2015	85%	2011	100%

The Capital Fund program funding continues to fall short of the Authority's annual capital needs.

The Housing Choice Voucher (HCV) program HAP funding was increased for calendar year 2018 to 99.75%. This is up from 97% in 2017. HCV Administrative fees were funded at 80.02% for calendar year 2018, 74.25% for 2017, and 83.94% for 2016.

In addition to the uncertainties of federal funding for the 2018 fiscal year, the Authority also faces the challenge of escalating manager for their programs. RRHA's management staff continues to closely monitor these programs and seek out innovative cost reduction measures to fulfill its mission.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the VP of Finance/CFO, Roanoke Redevelopment & Housing Authority, 2624 Salem Turnpike, NW, Roanoke, VA 24017 or visit our website at [www.rkehousing.org](http://www.rkehousing.org).

## BASIC FINANCIAL STATEMENTS

Roanoke Redevelopment and Housing Authority  
Statement of Net Position  
September 30, 2018

	<u>Enterprise Fund</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 13,535,314	520,979	14,056,293
Accounts receivable - other	368,059	-	368,059
Accounts receivable - tenants, net	64,775	23,891	88,666
Notes & mortgage receivable - current	30,951	-	30,951
Prepaid expenses	260,595	31,762	292,357
Accrued interest receivable	447	-	447
Assets held for sale	<u>1,632,177</u>	<u>-</u>	<u>1,632,177</u>
Total current assets	<u>15,892,318</u>	<u>576,632</u>	<u>16,468,950</u>
<b>RESTRICTED ASSETS:</b>			
Cash and cash equivalents	<u>2,278,293</u>	<u>602,551</u>	<u>2,880,844</u>
Total restricted assets	<u>2,278,293</u>	<u>602,551</u>	<u>2,880,844</u>
<b>NONCURRENT ASSETS:</b>			
Land, structures and equipment net of accumulated depreciation	<u>36,162,576</u>	<u>16,464,574</u>	<u>52,627,150</u>
Total fixed assets, net	<u>36,162,576</u>	<u>16,464,574</u>	<u>52,627,150</u>
Notes & mortgages receivable, non-current	905,714	-	905,714
Other assets	<u>504,806</u>	<u>15,351</u>	<u>520,157</u>
Total assets	<u>55,743,707</u>	<u>17,659,108</u>	<u>73,402,815</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows	<u>266,734</u>	<u>-</u>	<u>266,734</u>
Total deferred outflows of resources	<u>266,734</u>	<u>-</u>	<u>266,734</u>
Total assets and deferred outflows of resources	<u>\$ 56,010,441</u>	<u>17,659,108</u>	<u>73,669,549</u>

Roanoke Redevelopment and Housing Authority  
Statement of Net Position  
September 30, 2018

	<u>Enterprise Fund</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 917,982	40,671	958,653
Accounts payable - HUD	9,850	-	9,850
Accrued wages and payroll taxes	61,068	-	61,068
Accrued compensated absences	95,321	-	95,321
Accrued interest	979	10,638	11,617
Tenant security deposits	153,496	29,750	183,246
Notes payable, current portion	211,395	82,431	293,826
Deferred revenues	200,999	10,376	211,375
Other current liabilities	<u>49,558</u>	<u>983</u>	<u>50,541</u>
Total current liabilities	<u>1,700,648</u>	<u>174,849</u>	<u>1,875,497</u>
<b>NONCURRENT LIABILITIES:</b>			
Notes payable, excluding current portion	580,858	7,136,459	7,717,317
Other liabilities	<u>1,165,146</u>	<u>1,283,301</u>	<u>2,448,447</u>
Total noncurrent liabilities	<u>1,746,004</u>	<u>8,419,760</u>	<u>10,165,764</u>
Total liabilities	<u>3,446,652</u>	<u>8,594,609</u>	<u>12,041,261</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows	<u>170,680</u>	<u>-</u>	<u>170,680</u>
Total deferred inflows of resources	<u>170,680</u>	<u>-</u>	<u>170,680</u>
<b>NET POSITION:</b>			
Invested in capital assets, net	35,884,432	9,245,684	45,130,116
Restricted	1,730,312	573,146	2,303,458
Unrestricted	<u>14,778,365</u>	<u>(754,331)</u>	<u>14,024,034</u>
Total net position	<u>52,393,109</u>	<u>9,064,499</u>	<u>61,457,608</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 56,010,441</u>	<u>17,659,108</u>	<u>73,669,549</u>

Roanoke Redevelopment and Housing Authority  
Statement of Revenues, Expenses, and Changes  
in Net Position  
For the Year Ended September 30, 2018

	Enterprise <u>Fund</u>	Component <u>Units</u>	Total Reporting <u>Entity</u>
Operating revenues:			
Tenant revenue	\$ 3,499,601	734,427	4,234,028
HUD operating grants	19,339,157	-	19,339,157
Other government grants	24,523	-	24,523
Proceeds from the disposition of assets held for sale	25,142	-	25,142
Cost of sale of assets	(19,870)	-	(19,870)
Other revenue	<u>576,925</u>	<u>992</u>	<u>577,917</u>
 Total operating revenue	 <u>23,445,478</u>	 <u>735,419</u>	 <u>24,180,897</u>
Operating expenses:			
Administrative salaries	1,774,233	34,775	1,809,008
Other administrative expenses	1,383,248	122,295	1,505,543
Tenant / community services	849,612	-	849,612
Utility expense	1,886,553	49,437	1,935,990
Maintenance salaries	763,470	10,677	774,147
Maintenance other	1,991,548	108,579	2,100,127
Contract / protective services	186,796	2,451	189,247
Insurance	327,430	66,271	393,701
Other general expenses	376,189	-	376,189
Bad debt	99,763	6,827	106,590
Payments in lieu of taxes	182,278	100,346	282,624
Housing assistance payments	12,070,525	-	12,070,525
Depreciation	<u>2,812,739</u>	<u>684,027</u>	<u>3,496,766</u>
 Total operating expenses	 <u>24,704,384</u>	 <u>1,185,685</u>	 <u>25,890,069</u>
 Operating loss	 <u>(1,258,906)</u>	 <u>(450,266)</u>	 <u>(1,709,172)</u>
Non-operating revenues (expenses):			
Investment income / mortgage interest	7,486	628	8,114
Extraordinary maintenance	(392,711)	-	(392,711)
Interest expense	(19,630)	(136,098)	(155,728)
Gain (Loss) on sale of fixed assets	3,000	-	3,000
Casualty losses	<u>(6,138)</u>	<u>(2,500)</u>	<u>(8,638)</u>
 Total non-operating revenues (expenses)	 <u>(407,993)</u>	 <u>(137,970)</u>	 <u>(545,963)</u>
 Loss before capital contributions	 (1,666,899)	 (588,236)	 (2,255,135)
 Capital contributions	 <u>1,285,565</u>	 <u>-</u>	 <u>1,285,565</u>
 Change in net position	 (381,334)	 (588,236)	 (969,570)
 Total net position, beginning	 <u>52,774,443</u>	 <u>9,652,735</u>	 <u>62,427,178</u>
 Total net position, end of year	 <u>\$ 52,393,109</u>	 <u>9,064,499</u>	 <u>61,457,608</u>

Roanoke Redevelopment and Housing Authority  
Statement of Cash Flows - All Enterprise Funds  
For the Year Ended September 30, 2018

Cash Flows from Operating Activities:

Receipts from tenants	\$ 3,500,699
Receipts operating grants and subsidies	19,356,952
Other receipts (payments)	338,865
Payments to suppliers and employees	<u>(21,504,398)</u>
Net cash flows provided by operating activities	<u>1,692,118</u>

Cash Flows from Capital and Related Financing Activities:

Purchases of capital assets	(1,164,716)
Disposal of capital assets	65,408
Interest paid on capital debt	(20,015)
Principal payments of notes payable	(505,961)
Capital grant contributions	1,285,565
Gain(Loss) on sale of capital assets	3,000
Casualty losses	(6,138)
Extraordinary maintenance	<u>(392,711)</u>
Net cash flows used in capital and related financing activities	<u>(735,568)</u>

Cash Flows from Investing Activities:

Accrued interest receivable	(352)
Advances on notes receivable	353,412
Interest and dividends	<u>7,486</u>
Net cash flows provided by investing activities	<u>360,546</u>

Net increase in cash 1,317,096

Cash at beginning of year 14,496,511

Cash at end of year \$ 15,813,607

Roanoke Redevelopment and Housing Authority  
Statement of Cash Flows (continued) - All Enterprise Funds  
For the Year Ended September 30, 2018

Reconciliation of operating income to cash provided by  
operating activities

Operating loss	\$ (1,258,906)
Items which did not provide (use) cash:	
Depreciation	2,812,739
Prior Period Adjustment	-
Bad debt	99,763
Deferred Outflows of Resources	123,759
Deferred Inflows of Resources	120,820
Working capital changes which provided (used) cash:	
Accounts receivable - tenants	(98,665)
Accounts receivable - other	(6,728)
Other assets	(243,332)
Deferred revenue	161,148
Prepaid expenses	(5,427)
Assets held for sale	(69,481)
Accounts payable- HUD	9,423
Accounts payable	30,278
Accrued expenses	(29,494)
Other liabilities	25,584
Tenant security deposits	11
Other current liabilities	<u>20,626</u>
Net cash provided by operating activities	<u>\$ 1,692,118</u>

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements

For the Year Ended September 30, 2018

**1. SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund.

The Authority has multiple programs which are accounted for as one business type activity for financial reporting purposes which are presented as the "enterprise fund" in the basic financial statements as follows:

**Enterprise Fund** – In accordance with the Enterprise Fund Method, activity is recorded using the accrual basis of accounting, and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**Governmental Accounting Standards** – The Housing Authority has applied all applicable pronouncements issued by the Governmental Accounting Standards Board as well as pronouncements issued by the Financial Accounting Standards Board on or before November 30, 1989, and those issued after November 30, 1989 except for those that conflict with or contradict Governmental Accounting Standards Board pronouncements.

**B. Cash**

The Authority considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in the calculation of collateral required.

**C. Accounts Receivable**

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due.

An allowance for doubtful accounts is established to provide for all accounts that may not be collected in the future for any reason.

**D. Prepaid Items**

Prepaid items consists of payments made to vendors for services that will benefit future periods.

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets Held for Resale**

These assets consist of foreclosure homes, rental and commercial properties. The foreclosure homes and rental properties are listed at actual cost while the commercial property is listed at actual cost less impairment.

**F. Deferred Revenue**

The Authority recognizes revenues as it is earned. Revenue received in advance of the period in which it is earned is recorded as a liability under deferred revenue.

**G. Revenue Accounting Policies**

Dwelling rental income, HUD Grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue are shown as non-operating income. The financial statements do not contain material inter-fund revenues and expenses for internal activity. The policy is to eliminate any material inter-fund revenues and expenses for these financial statements.

**H. Property and Equipment**

Property and equipment are recorded at cost. The capitalization threshold for non-infrastructure capital assets including machinery and equipment is \$5,000. The capitalization threshold for infrastructure related capital assets and any improvements that extend the useful life of the asset is \$50,000. All costs associated with the purchase or construction are considered for capitalization, including interest. Maintenance and repair costs are expensed while significant betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets and is expensed in the Statement of Revenues, Expenses, and Changes in Net Position. Estimated useful lives are as follows:

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

**I. Long-lived Assets**

The Authority evaluates the carrying value of long-lived assets. When indications of an impairment are present, the recoverability of the carrying value of the assets in question are assessed based on the future undiscounted cash flows expected to result from their use. If the carrying value cannot be recovered, impairment losses are recognized to the extent the carrying value exceeds fair value.

**1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**2. REPORTING ENTITY DEFINITION**

The Roanoke Redevelopment and Housing Authority (the Authority or RRHA) was created by the City of Roanoke 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 are appointed by Roanoke's City Council for staggered four year terms. The Board elects a chairman and employs an Executive Director to administer the affairs of the Authority.

The Authority is a separate political subdivision of the State of Virginia. The Authority has complete legislative and administrative authority over its affairs and recruits and employs personnel. The Authority has substantial legal authority to control its affairs without local government approval therefore all operations of the Authority are a separate reporting entity as reflected in this report.

The Authority adopts an annual budget that is approved by the Board of Commissioners. Subsidies are received primarily from the Department of Housing and Urban Development (HUD). The Authority is responsible for its debts and is entitled to surpluses.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying certain criteria. These criteria include manifestation of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following component units:

**Discretely Presented Component Units**

**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 its mission to provide affordable housing to low-income families in the City of Roanoke, (the City). Roanoke Valley Housing Corporation is the sole member of the general partner of Stepping Stone, LP, Indian Village, LP, Park Street Housing, LP, and Hurt Park, LP.

**2. REPORTING ENTITY DEFINITION (continued)**

**Discretely Presented Component Units (continued)**

**Stepping Stone, Limited Partnership (SSLP)** The Authority has significant influence over the general partner, Stepping Stone Apartments, LLC, of a real estate 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. The Authority applied for and received 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 and construction began in August 2004. RVHC acted as the developer on this project which was completed in October 2005. Marketing for Stepping Stone Apartments began in January 2005 and rental of the 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, 2017 year-end financial statements are included within the Authority's basic financial statements. Inquiries regarding the limited partnership should be directed to the VP of Finance of Roanoke Redevelopment and Housing Authority, 2624 Salem Turnpike N.W., Roanoke, VA 24017.

**Indian Village, Limited Partnership (IVLP)** The Authority has significant influence over the general partner, Indian Village, LLC, a real estate limited partnership (IVLP) 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 and operating 24 apartment units. The Authority applied for and received low-income housing tax credits from the Virginia Housing Development Authority on March 11, 2005. Construction on the project began in June 2006 with RVHC as the developer and was completed in January 2008.

The responsibility for management of the affairs of the limited partnership, and the ongoing management of Hillcrest Heights Town Homes is vested with Indian Village, LLC. The Authority has entered into a fifteen year agreement with IVLP to manage the twenty-four units over the life of the tax credit compliance period. The limited partnership's December 31, 2017 year end financial statements are included within the Authority's basic financial statements. Inquires regarding the limited partnership should be directed to the VP of Finance of Roanoke and Redevelopment and Housing Authority, 2624 Salem Turnpike N.W., Roanoke, VA 24017.

**2. REPORTING ENTITY DEFINITION (continued)**

**Discretely Presented Component Units (continued)**

**Park Street Housing, Limited Partnership (PSLP)** The Authority has significant influence over the general partner, Park Street Housing Development, LLC, a real estate limited partnership (PSLP) 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 and operating 25 apartment units. The Authority applied for an allocation of low income housing tax credits from the Virginia Housing Development Authority on March 11, 2005. Construction on the project began in April 2006 with RVHC as the developer and was completed in December 2007.

The responsibility for management of the affairs of the limited partnership, and the ongoing management of Park Street Square is vested with Park Street Housing Development, LLC. The Authority has entered into a fifteen year agreement with PSLP to manage the twenty-five units over the life of the tax credit compliance period. The limited partnership's December 31, 2017 year end financial statements are included within the Authority's basic financial statements. Inquiries regarding the limited partnership should be directed to the VP of Finance of Roanoke and Redevelopment and Housing Authority, 2624 Salem Turnpike N.W., Roanoke, VA 24017.

**Hurt Park, Limited Partnership (HPLP)** The Authority has significant influence over the general partner, Hurt Park, LLC, a real estate limited partnership (Hurt Park, LP) 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 and operating 40 apartment units. The Authority applied for and received low-income housing tax credits from the Virginia Housing Development Authority. Construction on the project began in 2007 with RVHC as the developer and was completed in May 2009.

The responsibility for management of the affairs of the limited partnership is vested with the general partner. The limited partnership's December 31, 2017 year end financial statements are included within the Authority's basic financial statements. Inquiries regarding the limited partnership should be directed to the VP of Finance of Roanoke and Redevelopment and Housing Authority, 2624 Salem Turnpike N.W., Roanoke, VA 24017.

### 3. CASH AND INVESTMENT DEPOSITS

The U.S. Department of Housing and Urban Development, (HUD) requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

It is the Authority's policy to maintain collateralization in accordance with state and HUD requirements.

Deposits: The three credit risk categories are:

1. Insured or collateralized with securities held by the entity or by its agent (correspondent bank or Federal Reserve bank) in the entity's name.
2. Collateralized with securities held by the pledging financial institution trust department or agent in the entity's name.
3. Uncollateralized or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name.

As of September 30, 2018, the carrying amount of the Enterprise fund's cash and cash equivalents (including restricted cash) was \$15,813,607. All funds are covered by the federal depository insurance or by collateral held by the Authority's agent in the Authority's name. The Authority is authorized by HUD to invest in time deposits, certificates of deposits and obligations of the U.S. Treasury.

### 4. CONTRACTUAL COMMITMENTS

The Authority had Total Outstanding Contractual Commitments of \$5,578,365 as of September 30, 2018.

### 5. RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workman's compensation. The Authority established a risk management program for employee's group health insurance in 1995. The Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

**6. CONCENTRATION OF RISK**

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on the availability of funding.

**7. SIGNIFICANT ESTIMATES**

The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives of assets and to reserves for uncollectibility of notes and mortgages receivable. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

**8. PENSION PLAN**

The Authority became a member of the Virginia Retirement System (VRS) on January 1, 2012. VRS is the administrator of governmental retirement plans qualified under Section 401(a) of the Internal Revenue Code. It is governed by the provisions of Title 51.1 of the Code of Virginia. Changes to the law can be made only by an act of the General Assembly. VRS is an independent state agency and as provided in the Constitution of Virginia, its funds are separate from other state funds and can be used only to administer and pay benefits for members, retirees and beneficiaries.

The VRS plan for political subdivisions is an agent, multiple-employer defined benefit pension plan with separate cost-sharing pools for each locality and is administered by the Virginia Retirement System. All full-time permanent employees are required to enroll in the VRS upon employment. The Authority also offers enrollment in the VRS defined contribution plan on a voluntary basis for full time and part time employees; temporary and contract employees are not eligible to participate in either plan.

**8. PENSION PLAN (continued)**

The defined benefit plan provides a lifetime monthly benefit during retirement based on retirement multiplier as a percentage of the member's average 60 consecutive months of highest compensation multiplied by the member's total service credit. The retirement multiplier for the Authority employees (considered non-hazardous duty members) is 1.7% for Plan 1 and Plan 2 members and 1.0% for Hybrid members. Plan 2 members retirement multiplier changes to 1.65% for service beginning January 1, 2013. Benefits vest after five years of service credit. Members earn one month of service credit for each month employed and for which they and the Authority paid contributions to VRS. The VRS administers three benefit structures for political subdivision employees - Plan 1, Plan 2, and Hybrid. The Authority employees are covered under Plan 2 (members joined on July 1, 2010 or later) or the Hybrid Plan (all members joined on January 1, 2014 or later). Members are eligible for unreduced benefits beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Active Plan 2 members are required to contribute 5% of their creditable compensation per year. Active Hybrid members are required to contribute 4% of their creditable compensation to the defined benefit plan and 1% to the defined contribution component of the Hybrid Plan. The Authority's required contribution rate for July 1, 2016 through June 30, 2018 is 5.68%. The required contribution rate is actuarially determined based on the Authority's employee population, covered payroll, and the benefits the Authority elected to provide to its employees. The contribution requirement for active employees is governed by the Code of Virginia but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly.

Members of VRS also have benefit coverage in the form of life insurance, disability coverage, long-term care benefits, and survivor/beneficiary benefits.

The Cost-of-Living Adjustment (COLA) is deferred for one full calendar year after the member reaches unreduced retirement age. The deferred COLA does not apply to members who retire with twenty or more years of service. Members of all plans qualify for COLA on July 1 of the second calendar year after retirement.

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**8. PENSION PLAN (continued)**

**Actuarial Assumptions**

The Authority's total pension liability was determined by applying certain procedures to the actuarial valuation as of June 30, 2016, and rolling it forward to the measurement date of June 30, 2017. The actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Payroll Growth Rate	3% / year
Remaining Amortization Period	17-26 years (decreasing by one each year in subsequent valuations until reaching 0 years)
Asset Valuation Method	5-Year, Smoothed Market
Investment Rate of Return*	7.00% / year
Inflation Assumption	2.50% / year
Projected Salary Increases*	
1) Non-LEO Members	3.50% To 5.35%
2) LEO Members	3.50% To 4.75%
Cost-of-Living adjustment	
1) Plan 1 Members	2.50%
2) Plan 2 Members	2.25%
Marriage Assumption	100% of active employees are assumed to be married, with males two years older than females
Election of Deferred Termination Benefit	Terminating members are assumed to elect a return of contributions or a deferred annuity, whichever is most valuable at the time of termination. Termination benefits are assumed to commence at normal retirement.
Service Related Disability	Service related disability benefits do not include an adjustment for Social Security or Worker's Compensation benefits
Mortality Rates	15% of deaths are assumed to be service related
1) Pre-Retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates, females 105%
2) Post-Retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90
3) Post-Disablement	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

\* Includes Inflation of 2.50%

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

8. PENSION PLAN (continued)

Summary Table of Membership Statistics, Asset Values, and Contribution Rates

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
1. Participants		
a. Actives	80	78
b. Transfers Out	8	3
c. Retirees and Beneficiaries	4	3
d. Retirees and Beneficiaries Elsewhere	-	-
e. Inactive, Vested	1	1
f. Inactive, Nonvested	<u>46</u>	<u>32</u>
Total	139	117
2. Covered Payroll	3,188,163	3,070,860
3. Averages for active members		
a. Average Age	47.2	47.2
b. Average Years of Service	4.0	3.3
c. Average Pay	39,852	39,370
4. Expected Retirement Benefits	96,798	33,108
5. Assets		
a. Market Value of Assets	2,590,277	2,073,933
b. Actuarial Value of Assets	2,554,131	2,114,961
6. Actuarial Accrued Liability	2,100,806	1,799,958
7. Unfunded Actuarial Accrued Liability	(453,325)	(315,003)
8. Normal Cost Rate		
a. Gross Normal Cost Rate	9.77 %	9.91 %
b. Member Contribution Rate	<u>4.52 %</u>	<u>4.61 %</u>
c. Employer Normal Cost Rate (8a-8b)	5.25 %	5.30 %
9. Recommended Employer Contribution Rate for	Informational	
Fiscal Year Ending	Purposes Only	2019 & 2020
a. Employer Normal Cost Rate	5.25 %	5.30 %
b. Amortization Charge	(0.95)%	(0.65)%
c. Administrative Expenses	0.04 %	0.05 %
d. DC Match	<u>0.78 %</u>	<u>0.48 %</u>
e. Total(9a+9b+9c (not less than zero)+ 9d)	5.12 %	5.18 %
10. Amortization Period	17-26	18-27

Normal Cost

	June 30, 2017	June 30, 2016
1. Normal Cost as Percent of Payroll		
a. Retirement Benefits	5.58 %	6.55 %
b. Termination Benefits	2.09 %	1.36 %
c. Disability Benefits	1.85 %	1.69 %
d. Death Benefits	<u>0.25 %</u>	<u>0.31 %</u>
e. Total	9.77 %	9.91 %
2. Covered Payroll	3,188,163	3,070,860

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**8. PENSION PLAN (continued)**

**Discount Rate**

The discount rate applied in the measurement of the total pension liability was 7.00%. The discount rate determination does not use a municipal bond rate for the Roanoke Redevelopment and Housing Authority. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board and the member rate. The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension system investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

**Long-Term (LT) Expected Rate of Return**

The long-term expected rate of return on pension system investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension system investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic LT Expected Real Rate of Return</u>	<u>Weighted Avg LT Expected Rate of Return</u>
Public Equity	40.00 %	4.54 %	1.82 %
Fixed Income	15.00 %	0.69 %	0.10 %
Credit Strategies	15.00 %	3.96 %	0.59 %
Real Assets	15.00 %	5.76 %	0.86 %
Private Equity	<u>15.00 %</u>	9.53 %	<u>1.43 %</u>
	<u>100.00 %</u>		<u>4.80 %</u>
Inflation			<u>2.50 %</u>
*Expected arithmetic nominal return			<u>7.30 %</u>

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83% including expected inflation of 2.5%.

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**8. PENSION PLAN (continued)**

**Sensitivity Analysis**

GASB 68 requires disclosure of the sensitivity of the net pension liability to changes in the discount rate. The net pension liability was calculated using a discount rate of 7.00%. The table below presents the net pension liability calculated using the current discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (6.00%) or 1.00% higher (8.00%) than the current rate.

	1.0% Decrease (6.00%)	Current Discount (7.00%)	1.0% Increase (8.00%)
Net Pension Liability	(192,493)	(504,806)	(761,389)

**Changes in Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a)-(b)
Balance at June 30, 2016	\$ <u>1,817,638</u>	<u>2,073,933</u>	<u>(256,295)</u>
Changes for the year:			
Service Cost	319,415	-	319,415
Interest	125,184	-	125,184
Benefit changes	-	-	-
Difference between expected and actual experience	(18,918)	-	(18,918)
Changes in assumptions	(99,265)	-	(99,265)
Contributions - employer	-	158,003	(158,003)
Contributions - employee	-	146,283	(146,283)
Net investment income	-	272,201	(272,201)
Benefit payments, including refund of employee contributions	(58,583)	(58,583)	-
Administrative expense	-	(1,307)	1,307
Other changes	-	(253)	253
	<u>267,833</u>	<u>516,344</u>	<u>(248,511)</u>
Balance at June 30, 2017	\$ <u>2,085,471</u>	<u>2,590,277</u>	<u>(504,806)</u>

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**8. PENSION PLAN (continued)**

**Roll Forward of the Total Pension Liability**

	<u>Actual</u>	<u>Actual Before</u> <u>Assumption</u> <u>Changes</u>	<u>Expected</u>
(a) TPL as of June 30, 2016	\$ 1,729,041	\$ 1,799,958	\$ 1,817,638
(b) Entry age normal cost for the period June 30, 2016-June 30, 2017	276,665	298,519	298,519
(c) Actual benefit payments and refunds for the period June 30, 2016-June 30, 2017	58,583	58,583	58,583
(d) Changes in benefit terms	-	-	-
(e) TPL as of June 30, 2017 = (((a)+(b))*(1.07))-((c)*(1.035))+(d)	\$ 2,085,471	\$ 2,184,736	\$ 2,203,654
(f) Changes in Assumptions		(99,265)	
(g) Difference between expected and actual experience			(18,918)

**Changes in actuarial assumptions and methods**

There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

**Changes in benefit terms**

There have been no changes in benefit terms since the previous measurement date.

**Deferred Inflows and Outflows**

At September 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources as follows:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 57,389	\$ 52,325
Changes of assumptions	-	77,058
Net difference between projected and actual earnings on pension plan investments	-	41,295
Employer contributions subsequent to the measurement date	<u>209,350</u>	<u>-</u>
Total	<u>\$ 266,739</u>	<u>\$ 170,678</u>

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**8. PENSION PLAN (continued)**

**Amortization of Deferred (Inflows) and Outflows of Resources**

Year ended June 30:		
2019	\$	(43,806)
2020		(16,646)
2021		(25,432)
2022		(27,405)
2023		-
Thereafter		-

**Pension Expense**

	June 30, 2017
Service Cost	\$ 319,415
Interest on the total pension liability	125,184
Current period benefit changes	-
Expensed portion of current period difference between expected and actual experience in the total pension liability	(4,232)
Expensed portion of current period changes of assumptions	(22,207)
Member contributions	(146,283)
Projected earnings on plan investments	(153,720)
Expensed portion of current period differences between actual and projected earnings on plan investments	(23,696)
Administrative expense	1,307
Other	253
Recognition of beginning deferred outflows of resources as pension expense	45,708
Recognition of beginning deferred inflows of resources as pension expense	<u>(39,380)</u>
Pension expense	<u>\$ 102,349</u>

Comprehensive annual financial reports that include financial statements and required supplementary information for the plan are available by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500 or from the VRS via web site at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>.

Individual reports on the actuarial valuation of the VRS plan relevant to the RRHA are available by writing the VP of Finance/CFO, Roanoke Redevelopment & Housing Authority at 2624 Salem Turnpike, NW, Roanoke, VA, 24017.

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**9. COMPENSATED ABSENCES**

The Authority currently provides its employees paid time off (PTO) and limited supplement (LS) in varying amounts according to tenure with the Authority. Upon voluntary termination from the Authority an employee will be paid for any unused PTO balance up to 75 hours. Limited Supplement is not vested nor paid upon termination. PTO accrued but not paid as of September 30, 2018 is carried as a liability while LS is expensed as used but not accrued.

**10. ACCOUNTS RECEIVABLE**

Accounts Receivable - Tenants

Accounts receivable - tenants for the Enterprise fund are shown at gross of \$99,248 less an allowance for doubtful accounts of \$34,473 for the year ended September 30, 2018.

Accounts Receivable - Other

Accounts Receivable - Other, consists of following:

	Enterprise Fund
Accounts receivable - HUD	\$ 296,470
Accounts receivable - other PHAs	2,146
Accounts receivable - fraud recovery	12,734
Account receivable - City of Roanoke	6,314
Accounts receivable - management & development fees	41,762
Accounts receivable - miscellaneous	<u>8,633</u>
	<u>\$ 368,059</u>

**11. INTERPROGRAM ACTIVITY**

The Authority manages a number of various programs. Many charges, such as payroll, benefits, insurance, etc. are paid by the Authority's revolving fund and subsequently reimbursed by the other various funds. Balances due for such charges are reflected in the Interprogram Due to/Due from account balances. Interprograms at September 30, 2018 consisted of the following:

Low rent and Capital Fund Program	\$ 81,792
ROSS	(14,063)
Housing Choice Vouchers	3,418
COCC	-
Business Activities	-
Shelter Plus	-
Jobs Plus Fund	<u>(71,147)</u>
	<u>\$ -</u>

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**12. RESTRICTED CASH**

The Authority's restricted cash consists of the following as of the end of the fiscal year:

	Enterprise Fund
Restricted for HAP Payments	\$ 262,488
Restricted for Modernization & Development	1,602,525
Restricted for Tenant Security	153,496
Restricted for FSS Escrow	92,516
Restricted for Payment of Program Income	86,360
Restricted for Payment of Current Liability	<u>80,908</u>
	<u>\$ 2,278,293</u>

**13. NOTES AND MORTGAGES RECEIVABLE**

Notes and mortgages receivable at September 30, 2018 are as follows:

The Authority loaned funds to qualified homeowners through a home rehabilitation program. The Authority entered into a \$2,250,000 Note Purchase Agreement with SunTrust Bank to finance a portion of these mortgage loans with additional funds coming from the City of Roanoke. These mortgage loans are held by the Authority, and are collateralized by the single-family residences.

\$ 546,221

The Authority has a lease/purchase program for prospective homeowners. The purchasers of the homes finance their mortgages through banks, grants from other organizations and occasionally soft second mortgages from the Authority. These soft second mortgages are secured through deeds of trust and deferred purchase money notes bearing zero interest.

72,000

Note receivable with The Hancock Building LLC, payable in full upon default of loan agreement within a 10 year period due October 10, 2018. Unsecured and non-interest bearing.

2,444

Note receivable from Hurt Park, LP payable in full on February 5, 2045 with interest being waived and not forgiven. No principal due until payoff date.

316,000

Total	936,665
Less: current portion	<u>(30,951)</u>
Notes receivable, excluding current portion	<u>\$ 905,714</u>

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**14. CAPITAL ASSETS**

A summary of the Authority's Capital Assets at September 30, 2018 is as follows:

Enterprise Fund Detail:

	<u>BUSINESS ACTIVITIES</u>	<u>CDBG</u>	<u>PUBLIC HOUSING &amp; CAPITAL FUND</u>	
Land and Improvements	\$ 84,004	3,441,584	13,177,007	
Infrastructure	-	1,822,317	-	
Building and Improvements	850,699	-	76,797,084	
Furniture and Equipment	28,383	-	3,046,641	
Construction in Process	-	-	3,609,971	
Less: Accumulated Depreciation	<u>(763,017)</u>	<u>(749,508)</u>	<u>(66,075,683)</u>	
Total Property and Equipment	<u>\$ 200,069</u>	<u>4,514,393</u>	<u>30,555,020</u>	
	<u>HOUSING CHOICE VOUCHERS</u>	<u>COCC</u>	<u>STATE/LOCAL</u>	<u>TOTAL</u>
Land and Improvements	\$ -	-	3,500	16,706,095
Infrastructure	-	-	1,287,000	3,109,317
Building and Improvements	233,250	-	39,550	77,920,583
Furniture and Equipment	210,630	416,905	-	3,702,559
Construction in Process	-	8,851	-	3,618,822
Less: Accumulated Depreciation	<u>(347,897)</u>	<u>(298,856)</u>	<u>(659,839)</u>	<u>(68,894,800)</u>
Total Property and Equipment	<u>\$ 95,983</u>	<u>126,900</u>	<u>670,211</u>	<u>36,162,576</u>

Enterprise Fund Summary:

	<u>October 1, 2017 Balance</u>	<u>Additions</u>	<u>Transfers &amp; Deletions</u>	<u>September 30, 2018 Balance</u>
Land	\$ 16,576,578	-	129,517	16,706,095
Construction in Process	<u>3,877,658</u>	<u>1,112,121</u>	<u>(1,370,957)</u>	<u>3,618,822</u>
Total Assets not being depreciated	20,454,236	1,112,121	(1,241,440)	20,324,917
Infrastructure	3,109,317	-	-	3,109,317
Buildings and Improvements	76,729,453	-	1,191,130	77,920,583
Furniture and Equipment	<u>3,715,056</u>	<u>52,595</u>	<u>(65,092)</u>	<u>3,702,559</u>
Total Property and Equipment	104,008,062	1,164,716	(115,402)	105,057,376
Less: Accumulated Depreciation	<u>(66,132,055)</u>	<u>(2,827,837)</u>	<u>65,092</u>	<u>(68,894,800)</u>
Net Book Value	<u>\$ 37,876,007</u>	<u>(1,663,121)</u>	<u>(50,310)</u>	<u>36,162,576</u>

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

15. NOTES PAYABLE

Notes Payable

1. During the fiscal year ending September 30, 2007, the Authority issued a mortgage note payable to SunTrust Bank to fund capital activities related to private units owned by the Authority. The note bears interest at 6.95% and is payable in equal monthly installments of \$1,434. The amount of interest paid and charged to expense during the year was \$3,812. The note is secured by capital assets related to the Jamison and Downing Properties. The outstanding principal balance as of September 30, 2018 was \$47,516. Future projected payments are as follows:

Fiscal Year	Principal	Interest	Balance Due
2019	\$ 14,353	2,851	33,163
2020	15,383	1,821	17,780
2021	16,487	717	1,293
2022	1,293	7	-
2023	-	-	-
Total Payments	\$ <u>47,516</u>	<u>5,396</u>	

2. Qualified homeowners participating in a home rehabilitation program were given mortgage loans by the Authority to repair their homes. The Authority entered into an agreement with the City of Roanoke to finance a portion of these mortgage loans through its CDBG and HOME funds. CDBG/HOME funded mortgage loan payments received by the Authority are due back to the City. Repayment from the Authority to the City of outstanding mortgages is deferred until payments are received from the homeowners. The Authority's outstanding balance included in long-term debt owed to the City for these loans as of September 30, 2018, is \$511,665. The current portion is \$11,040.

3. The Authority entered into a loan agreement with the City of Roanoke and the Hancock Building, LLC to loan funds provided by the City to The Hancock Building, LLC in the amount of \$880,000. This loan is interest free and the Authority is obligated to pay the City any amounts received from the The Hancock Building, LLC. The principal balance of this loan at September 30, 2018 was \$2,444. The current portion is \$2,444.

4. During the fiscal year ending September 30, 2015, the Authority entered into a loan agreement with Freedom First Federal Credit Union for a loan in the amount of \$850,000 to be used for the construction of 12 units on various lots in the City of Roanoke. The note bears an interest rate of 4.5% for 5 years and is payable in equal monthly installments of \$15,848. During 2018, \$14,685 in interest payments were made. The note is secured by payments from future capital grants received from HUD. The principal balance of this loan at September 30, 2018 was \$230,628.

Fiscal Year	Principal	Interest	Balance Due
2019	\$ 183,558	6,623	47,070
2020	<u>47,070</u>	<u>353</u>	-
Total Payments	\$ <u>230,628</u>	<u>6,976</u>	

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**15. NOTES PAYABLE (continued)**

A summary of the notes payable at September 30, 2018:

	Total	Current	Long Term
Jamison, Downing Properties	\$ 47,516	14,353	33,163
Replacement Housing Loan	230,628	183,558	47,070
CDBG/HOME Notes	511,665	11,040	500,625
Hancock Building Note	<u>2,444</u>	<u>2,444</u>	<u>-</u>
	<u>\$ 792,253</u>	<u>211,395</u>	<u>580,858</u>

**16. ENTERPRISE FUND LONG-TERM LIABILITIES**

Enterprise Fund Long-term liability activity for the year ended September 30, 2018, is as follows:

	October 1, 2017			September 30, 2018
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Accrued Compensated Absences	\$ 105,083	241,102	250,864	95,321
Accrued OPEB Liabilities	1,002,851	191,964	122,179	1,072,636
Notes Payable	1,298,214	11,796	517,757	792,253
Other Long Term Liabilities	148,952	97,898	112,007	134,843
Less: Current Portion	<u>(404,923)</u>	<u>(314,535)</u>	<u>(370,409)</u>	<u>(349,049)</u>
Long-Term Liabilities	<u>\$ 2,150,177</u>	<u>228,225</u>	<u>632,398</u>	<u>1,746,004</u>

**17. RESTRICTED NET POSITION**

The Authority's restricted net position for the year is as follows:

	Enterprise
	<u>Fund</u>
Restricted for HAP Payments	\$ 107,402
Restricted for Development Replacement Housing	1,602,525
Restricted for payment of current liability	<u>20,385</u>
	<u>\$ 1,730,312</u>

**18. OTHER COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**19. RELATED PARTY TRANSACTIONS**

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

The Authority and Stepping Stone, LP have entered an agreement whereby the Authority will provide property management services to the LP in exchange for a service fee of 6% of collected rents. As of September 30, 2018, Stepping Stone, LP owed the Authority \$2,052 for property management services and had paid the Authority \$11,664 in management fees during the year.

**Agreements with Indian Village, Limited Partnership (Component Unit)**

The Authority and Indian Village, LP have entered into an agreement whereby the Authority will provide property management services in exchange for a service fee of 6% of gross rents collected. As of September 30, 2018, Indian Village, LP owed the Authority \$1,213 in accrued management fees and expenses. During the year, the Partnership paid \$8,419 in management fees to the Authority.

**Agreements with Park Street Housing, Limited Partnership (Component Unit)**

The Authority and Park Street, LP have entered into an agreement whereby the Authority will provide property management services in exchange for a service fee of 6% of gross rents collected. RRHA has an outstanding loan with Park Street, LP of \$2,253,163. As of September 30, 2018 Park Street, LP owed the Authority \$25,661 in accrued management fees and expenses. During the year the partnership paid \$7,681 in management fees to the Authority.

**Agreements with Hurt Park, Limited Partnership (Component Unit)**

The Authority and Hurt Park, LP have entered into an agreement whereby the Authority will provide property management services to the LP in exchange for a service fee of 6% of collected rents. As of September 30, 2018, Hurt Park, LP owed the Authority \$3,302 for property management services and had paid the Authority \$14,875 in management fees during the year.

**20. USE OF ANOTHER AUDITOR'S WORK**

According to Statements of Auditing Standards, an auditor may "Use the work and reports of other independent auditors who have audited the financial statements of one or more subsidiaries, divisions, branches, components, or investments included in the financial statements presented". When making the decision of whether to include said statements, the Principle Auditor, must take into consideration "the professional reputation and independence of the other auditor". During the Roanoke Redevelopment and Housing Authority audit, we elected to use another independent auditor's work for Stepping Stone, LP, Indian Village, LP, Park Street Housing, LP, Hurt Park, LP, and Roanoke Valley Housing Corporation based on the recommendation of the Housing Authority's management.

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**20. USE OF ANOTHER AUDITOR'S WORK (continued)**

The aforementioned partnership audits for the year ended December 31, 2017 were performed by Dooley and Vicars, LLP, a highly regarded, independent auditing firm in Richmond, VA. All five audits had unqualified opinions with no findings.

**21. DIFFERENT REPORTING PERIODS**

The Roanoke Redevelopment and Housing Authority has a September 30th year end and each of the five discrete component units have December 31st year ends. The December 31, 2017 financial statements for the component units are included in the Authority's September 30, 2018 basic financial statements in the component unit column. According to the Governmental Accounting Standards Board (GASB) Statement 14, paragraph 59.118, if a component unit has a year end differing from that of the reporting entity, the financial statements for the component unit's fiscal year ending during the reporting entity's fiscal year should be incorporated. Statement 14 continues if transactions between component units that have different fiscal years result in inconsistencies in amounts reported as due to or due from, and so forth, the nature and amount of those transactions should be disclosed in the notes to the financial statements.

<u>RRHA - Due to/Due from Stepping Stone, LP</u>	<u>DR (CR)</u>
Balance at December 31, 2017	2,012
Net Transfers from January 1, 2018 to September 30, 2018	<u>40</u>
Balance at September 30, 2018	<u><u>2,052</u></u>
 <u>RRHA - Due to/Due from Indian Village, LP</u>	 <u>DR (CR)</u>
Balance at December 31, 2017	1,371
Net Transfers from January 1, 2018 to September 30, 2018	<u>(158)</u>
Balance at September 30, 2018	<u><u>1,213</u></u>
 <u>RRHA - Due to/Due from Park Street Housing, LP</u>	 <u>DR (CR)</u>
Balance at December 31, 2017	2,271,691
Net Transfers from January 1, 2018 to September 30, 2018	<u>7,133</u>
Balance at September 30, 2018	<u><u>2,278,824</u></u>
 <u>RRHA - Due to/Due from Hurt Park, LP</u>	 <u>DR (CR)</u>
Balance at December 31, 2017	3,615
Net Transfers from January 1, 2018 to September 30, 2018	<u>(313)</u>
Balance at September 30, 2018	<u><u>\$ 3,302</u></u>
 <u>RRHA - Due to/Due from RVHC</u>	 <u>DR (CR)</u>
Balance at December 31, 2017	469
Net Transfers from January 1, 2018 to September 30, 2018	<u>100</u>
Balance at September 30, 2018	<u><u>\$ 569</u></u>

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**22. GRANTS**

During the fiscal year ended September 30, 2018, the Authority did not close any grants.

**23. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 14, 2019, the date the financial statements were available to be issued. No subsequent events requiring recognition or disclosure in the financial statements were identified by management.

**24. OTHER POSTEMPLOYMENT BENEFITS**

*Benefit Description*

The Authority participates in a healthcare plan managed by the Commonwealth of Virginia and administered by Anthem Blue Cross and Blue Shield. The health care plan is fully-insured and partially experienced-rated. The Authority subsidizes retiree medical health care coverage at various rates based upon age at retirement and years of service.

*Benefit Policy*

The Authority subsidizes 40%-80% of the medical insurance single premium rate for a retiree based on qualifications of employee age and years of service at retirement. Subsidy rates are categorized into 3 tiers based on the retiree qualifications. The Authority does not subsidize spousal coverage and the retiree is responsible for any premium not covered by the Authority. The Authority has funded its retiree health benefits on a pay-as-you-go basis. The benefit offered to retirees was established and can be amended by the Authority's board of directors. All information regarding Other Postemployment Benefits is included in the Authority's Audited Financial report. The Other Postemployment Benefit Plan does not issue a separate stand-alone financial report. For the year ended September 30, 2018, the other postemployment benefits (OPEB) expense was \$191,964.

Retirement Subsidy Tiers

<u>Retirement Tiers</u>	<u>ER Contribution</u>	<u>Subsidized Rate</u>
Tier 1- 62 w 5 years	100% of primary ER share	80%
Tier 2 - 60 w 5 years	70% of primary ER share	56%
Tier 3 - 55 w 10 years	50% of primary ER share	40%

*Plan Membership*

As of September 30, 2018, plan membership consisted of the following:

Inactive members receiving benefits	4
Active members	66
Total	70

The Total OPEB Liability of the Housing Authority at September 30, 2018 was \$1,072,639.

Roanoke Redevelopment and Housing Authority.

Notes to Financial Statements (continued)

24. OTHER POSTEMPLOYMENT BENEFITS (continued)

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The chart below presents the total OPEB liability, calculated using the current healthcare cost trend rate of 7.5% decreasing to 5.0%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1 percentage point lower (6.5% decreasing to 4.0%) or 1 Percentage point higher (8.5% decreasing to 6.0%) than the current rate:

	1% Decrease 6.5% decreasing to <u>4%</u>	Current Healthcare Cost Trent Rate 7.5% decreasing to <u>5%</u>	1% Increase 8.5% decreasing to <u>6%</u>
Total OPEB Liability	1,006,506	1,072,639	1,145,530

**Sensitivity of the Total OPEB Liability to Changes in Discount Rate**

The chart below presents the total OPEB liability, calculated using the current discount rate of 3.64%, as well as the OPEB liability calculated using a discount rate that is 1 percentage point lower (2.64%) or 1 percentage point higher (4.64%) than the current rate:

	1% Decrease to <u>2.64%</u>	Current Discount Rate <u>3.64%</u>	1% Increase to <u>4.64%</u>
Total OPEB Liability	1,134,290	1,072,639	1,014,451

There are no assets accumulated in a trust so the Net Fiduciary Position is \$0 and the Net OPEB Liability is equal to the Total OPEB Liability.

<b>Schedule of Changes in Total OPEB Liability</b>	Fiscal Year Ending <u>9/30/18</u>
Total OPEB Liability - Beginning of Year	\$ 997,671
Converted OPEB Liability - Beginning of Year	997,671
Service Cost	114,481
Interest	39,053
Changes in Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	<u>(78,566)</u>
Net Change in Total OPEB Liability	74,968
Total OPEB Liability - End of Year	1,072,639
Covered Employee Payroll	3,267,959
Total OPEB Liability as a Percentage of the Covered Employee Payroll	32.82 %

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**24. OTHER POSTEMPLOYMENT BENEFITS (continued)**

	Fiscal Year Ending <u>9/30/18</u>
<b>OPEB Expense</b>	
Service Cost	\$ 114,481
Interest on Total OPEB Liability	39,053
Effect of Plan Changes	-
Administrative Expenses	-
Recognition of Deferred (Inflows)/Outflows of Resources	
Economic/Demographic (Gains)/Losses	-
Assumption Changes	<u>38,430</u>
OPEB Expense	<u>\$ 191,964</u>

**Alternative Measurement Method (AMM) Assumptions**

Measurement Date	September 30, 2018
Valuation Date	September 30, 2017
Reporting Date	September 30, 2018
Measurement Period	October 1, 2017 to September 30, 2018
Discount Rate	3.64% per year

The discount rate used to measure the total pension liability as of September 30, 2017 was 3.64%. As an unfunded plan, the discount rate reflects the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

General Inflation	3.0% per year
Salary Increases	3.0% per year
Health Care Cost Trend Rates	

<u>Year</u>	<u>Rate %</u>
Duration 1	7.50
Duration 2	7.00
Duration 3	6.50
Duration 4	6.00
Duration 5	5.50
Duration 6 +	5.00

Mortality 2012 United States Life Tables

**Expected Remaining Service Lives**

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. The amortization period is calculated as the weighted average of expected remaining service lives assuming zero years for all inactive members.

Roanoke Redevelopment and Housing Authority

Notes to Financial Statements (continued)

**24. OTHER POSTEMPLOYMENT BENEFITS (continued)**

The amortization period for the October 1, 2016 to September 30, 2017 measurement period was determined as follows:

<u>As of September 30, 2017</u>	<u># of Members</u>	<u>Expected Remaining Service Lives</u>
Active Members	80	5.661
Inactive Members	1	-
Weighted Average Rounded to Nearest Tenth		5.6

**Deferred Inflows and Outflows of Resources\***

Under GASB 75, gains and losses which are amortized over future years are referred to as deferred inflows or gains, and deferred outflows or losses. Economic and demographic gains and losses and changes in the total OPEB liability due to changes in assumptions are recognized over a closed period equal to the average expected remaining service lives of all covered active and inactive members, determined as of the beginning of the measurement period. As of September 30, 2018, the deferred inflows and outflows of resources are as follows:

**Schedule of Deferred Inflows and Outflows of Resources**

	<u>Amount Recognized in Expense 9/30/18</u>	<u>Balance of Deferred Inflows 9/30/18</u>	<u>Balance of Deferred Outflows 9/30/18</u>
Economic/Demographic (Gains)/Losses	-	-	-
Assumption Changes	38,430	-	-

\* Assumes all actuarial assumptions are exactly realized. Update procedures were used to roll forward the Service Cost and Total OPEB liability to the September 30, 2018 measurement date.

**25. UNCERTAIN TAX POSITIONS**

The Authority had no unrecognized tax benefits at September 30, 2018 and no open years prior to September 30, 2015. The Authority files tax returns in the U.S. federal jurisdiction and the State of Virginia.

**26. RECLASSIFICATION**

An adjustment of \$13,574 was made between the beginning balances of HCV's Restricted Net Position and Unrestricted Net Position based on the "HAP Cash Reconciliation - January through December 2017 - Revised" issued by HUD.



INDEPENDENT AUDITOR'S 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 of the  
Roanoke Redevelopment and Housing Authority:

We have audited, 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 Roanoke Redevelopment and Housing Authority, (the "Authority"), as of and for the year ended September 30, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 14, 2019.

***Internal Control Over Financial Reporting***

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Handwritten signature in cursive script that reads "Jimp, Perry and Company LLP".

March 14, 2019  
Toms River, New Jersey



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Commissioners of the  
Roanoke Redevelopment and Housing Authority:

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion of Each Major Federal Program***

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

**Report on Internal Control Over Compliance**

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

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

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

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

March 14, 2019  
Toms River, New Jersey

*Imp, Perry and Company LLP*

Roanoke Redevelopment and Housing Authority

Schedule of Expenditures of Federal Awards

For the Year Ended September 30, 2018

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:		
Direct Awards:		
Public Housing	14.850	\$ 5,179,740
Housing Choice Vouchers	14.871	12,725,464
Mainstream	14.879	<u>230,987</u>
Total Cluster		12,956,451
PIH Family Self-Sufficiency Program	14.896	154,468
Resident Opportunity and Support Services	14.870	<u>110,257</u>
Total Cluster		264,725
Jobs Plus Pilot Program Grant	14.895	827,278
Public Housing Capital Fund Program	14.872	1,524,512
Pass-through from City of Roanoke:		
Shelter Plus Care Program	14.238	45,109
Community Development Block Grant	14.218	<u>3,232</u>
		<u>\$20,801,047</u>

Roanoke Redevelopment and Housing Authority

Notes to Schedule of Federal Awards

September 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Roanoke Redevelopment and Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. Loan Guarantees

At September 30, 2018, the Authority is not the guarantor of any loans outstanding, except as discussed in the notes to the financial statements.

3. Indirect Cost Rate

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

Roanoke Redevelopment and Housing Authority

Schedule of Findings and Questioned Costs

September 30, 2018

I. Summary of Auditor's Results

Financial Statement Section

- |    |   |            |
|----|---|------------|
| 1. | Type of auditor's report issued:  | Unmodified |
| 2. | Internal control over financial reporting   |            |
|    | a. Material Weakness(es) identified?  | No         |
|    | b. Were significant deficiencies identified not considered to be material weaknesses? | No         |
| 3. | Noncompliance material to the financial statements?                                   | No         |

Federal Awards Section

- |    |   |            |
|----|---|------------|
| 1. | Internal control over major programs:   |            |
|    | a. Material Weakness(es) identified?  | No         |
|    | b. Were significant deficiencies identified not considered to be material weaknesses?                                   | No         |
| 2. | Type of auditor's report issued on compliance for major programs:   |            |
|    | Housing Choice Vouchers   | Unmodified |
|    | Mainstream Vouchers   | Unmodified |
|    | Jobs Plus Pilot Program Grant   | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (section .516(a)) | No         |
| 4. | Dollar threshold used to determine Type A Programs: type A and B programs   | \$750,000  |
| 5. | Auditee qualified as low risk?  | Yes        |

6. Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
Cluster:	
14.871	Housing Choice Vouchers
14.879	Mainstream Vouchers
14.895	Jobs Plus Pilot Program Grant

Roanoke Redevelopment and Housing Authority  
Schedule of Findings and Questioned Costs (continued)

September 30, 2018

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

None

IV. Summary of Prior Audit Findings and Questioned Costs

None

Roanoke Redevelopment and Housing Authority  
Schedule of Findings and Questioned Costs (continued)

September 30, 2018

Current year findings and questioned costs

None

## Supplementary Information

Roanoke Redevelopment and Housing Authority  
Schedule of Changes in Employer's Net Pension Liability  
For the Year Ended September 30, 2018

<b>Change in the Net Pension Liability</b>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	319,415	325,513	345,298	349,221
Interest	125,184	106,466	99,660	75,160
Benefit changes	-	-	-	-
Difference between actual and expected experience	(18,918)	89,185	(74,302)	-
Assumption changes	(99,265)	-	-	-
Benefit payments, including refunds of contributions	<u>(58,583)</u>	<u>(448,927)</u>	<u>(97,929)</u>	<u>(50,830)</u>
Net change in total pension liability	267,833	72,237	272,727	373,551
Total pension liability - beginning	<u>1,817,638</u>	<u>1,745,401</u>	<u>1,472,674</u>	<u>1,099,123</u>
Total pension liability - ending	2,085,471	1,817,638	1,745,401	1,472,674
Plan fiduciary net position:				
Contributions - employer	158,003	169,028	169,738	130,328
Contributions - members	146,283	136,761	141,937	144,381
Net investment income	272,201	42,160	94,384	241,924
Benefit payments including refunds of contributions	(58,583)	(448,927)	(97,929)	(50,830)
Administrative expense	(1,307)	(1,587)	(1,051)	(1,101)
Other	<u>(253)</u>	<u>(17)</u>	<u>(22)</u>	<u>13</u>
Net change in plan fiduciary net position	516,344	(102,582)	307,057	464,715
Plan fiduciary net position - beginning	<u>2,073,933</u>	<u>2,176,515</u>	<u>1,869,458</u>	<u>1,404,743</u>
Plan fiduciary net position - ending	2,590,277	2,073,933	2,176,515	1,869,458
Net pension liability - ending	(504,806)	(256,295)	(431,114)	(396,784)
Plan fiduciary net position as a percentage of the total pension liability	124.21 %	114.10 %	124.70 %	126.94 %
Covered payroll	3,188,163	3,070,860	2,886,888	2,838,454
Net pension liability as a percentage of covered payroll	(15.83)%	(8.35)%	(14.93)%	(13.98)%

Roanoke Redevelopment and Housing Authority

Employer Contribution Schedule

For the Year Ended September 30, 2018

**Schedule of RRHA Pension Contribution**

<u>Year Ended June 30</u>	Actuarially Determined Contribution <u>(a)</u>	Actual Contributions and Receivables Recognized by Pension Plan <u>(b)</u>	Actuarial less Actual Contributions <u>(c)</u>	Covered Payroll <u>(d)</u>	Actual Contributions as a Percentage of Covered Payroll <u>(b)/(d)</u>
2017	198,304	158,003	40,301	3,188,163	4.96 %
2016	191,007	169,028	21,979	3,070,860	5.50 %
2015	179,564	169,738	9,826	2,886,888	5.88 %
2014	133,975	130,328	3,647	2,838,454	4.59 %

Roanoke Redevelopment and Housing Authority  
Schedule of Changes in Total OPEB Liability  
For the Year Ended September 30, 2018

**Changes in Total OPEB Liability**

<u>Schedule of Changes in Total OPEB Liability</u>	Fiscal Year Ending <u>9/30/18</u>	Fiscal Year Ending <u>9/30/17</u>
Total OPEB Liability - Beginning of Year	\$ 997,671	\$ 263,939
Conversion from GASB 45 to 75	<u>-</u>	<u>558,577</u>
Converted OPEB Liability - Beginning of Year	997,671	822,516
Service Cost	114,481	105,935
Interest	39,053	41,359
Changes in Benefit Terms	-	-
Difference between Expected and Actual Experience	-	-
Changes in Assumptions	-	46,784
Benefit Payments	<u>(78,566)</u>	<u>(18,923)</u>
Net Change in Total OPEB Liability	74,968	175,155
Total OPEB Liability - End of Year	1,072,639	997,671
Covered Employee Payroll	3,267,959	3,172,776
Total OPEB Liability as a Percentage of the Covered Employee Payroll	32.82 %	31.44 %

FDS #	Description	Total AMPs	S8 HCV Fund 306 14,871	S8 MAINSTREAM Fund 310 14,879	Jobs Plus Fund 601 14,895	ROSS 14,896	ROSS 14,870	CDBG 14,218	HOME 14,239	STATE/ LOCAL	2015 Shelter Plus Care 14,238
111	Cash-unrestricted	7,632,269	893,104	178,325						2,474,614	
112	Cash-restricted-modernization and development	1,602,525								-	
113	Cash-other restricted	33,412	166,428	78				51,378	34,982	155,086	
114	Cash-tenant security deposits	147,822								-	
115	Cash - Restricted for payment of current liability	20,385	59,664	859						-	
100	<b>Total Cash</b>	<b>9,436,413</b>	<b>1,119,196</b>	<b>179,262</b>	-	-	-	<b>51,378</b>	<b>34,982</b>	2,629,700	-

121	Accounts receivable - PHA projects	-	2,146							-	
122-010	Accounts receivable - HUD other projects - Operating Subsidy	59,812			75,219	6,238	6,397				
122-020	Accounts receivable - HUD other projects - Capital fund	148,804									
122-030	Accounts receivable - HUD other projects - Other	-									
122	<b>Accounts receivable - HUD other projects</b>	<b>208,616</b>	-	-	<b>75,219</b>	<b>6,238</b>	<b>6,397</b>	-	-	-	-
124	Account receivable - other government	-						4,925	1,389	-	
125-050	Account receivable - miscellaneous - Other	7,609	455							-	
125	<b>Account receivable - miscellaneous</b>	<b>7,609</b>	<b>455</b>	-	-	-	-	-	-	-	-
126	Accounts receivable - tenants	97,399								-	
126	Allowance for doubtful accounts - tenants	(33,848)								-	
126	Allowance for doubtful accounts - other	-								-	
127	Notes, Loans, & Mortgages Receivable - Current	-						5,640	5,400	19,911	
128	Fraud recovery	-	106,946							-	
128	Allowance for doubtful accounts - fraud	-	(94,212)							-	
129	Accrued interest receivable	-						258	-	189	
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>279,776</b>	<b>15,335</b>	-	<b>75,219</b>	<b>6,238</b>	<b>6,397</b>	<b>10,823</b>	<b>6,789</b>	20,100	-

131	Investments - unrestricted	-								-	
132	Investments - restricted	-								-	
142	Prepaid expenses and other assets	211,383	21,978							247	
144	Inter program - due from	81,792	3,418							-	
145	Assets held for sale	-						30,701		1,601,476	
150	<b>Total Current Assets</b>	<b>10,009,364</b>	<b>1,159,927</b>	<b>179,262</b>	<b>75,219</b>	<b>6,238</b>	<b>6,397</b>	<b>92,902</b>	<b>41,771</b>	4,251,523	-

161	Land	13,177,007						3,441,584		3,500	
162	Buildings	76,797,084	233,250							39,550	
163	Furniture, equipment and machinery - dwellings	1,077,500								-	
164	Furniture, equipment and machinery - administration	1,969,141	210,630							-	
165	Leasehold improvements	-								-	
166	Accumulated depreciation	(66,075,683)	(347,897)					(749,508)		(659,839)	
167	Construction in progress	3,609,971								-	
168	Infrastructure	-						1,822,317		1,287,000	
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>30,555,020</b>	<b>95,983</b>	-	-	-	-	<b>4,514,393</b>	-	670,211	-

171-050	Notes, Loans, & Mortgages receivable - Non-current - Other	-						87,573	413,066	89,075	
171	<b>Notes, Loans, &amp; Mortgages receivable - Non-current</b>	<b>316,000</b>	-	-	-	-	-	<b>87,573</b>	<b>413,066</b>	<b>89,075</b>	-
173	Grants receivable - Non-current	-								-	
174-040	Other assets - Tax Credit	-								-	
174-050	Other assets - Other	220,823	55,849		8,862	5,659	3,350				
174	<b>Other assets</b>	<b>220,823</b>	<b>55,849</b>		<b>8,862</b>	<b>5,659</b>	<b>3,350</b>	-	-	-	-
180	<b>Total Non-current Assets</b>	<b>31,091,843</b>	<b>151,832</b>	-	<b>8,862</b>	<b>5,659</b>	<b>3,350</b>	<b>4,601,966</b>	<b>413,066</b>	759,286	-
190	<b>Total Assets</b>	<b>41,101,207</b>	<b>1,311,759</b>	<b>179,262</b>	<b>84,081</b>	<b>11,897</b>	<b>9,747</b>	<b>4,694,868</b>	<b>454,837</b>	<b>5,010,809</b>	-
200	Deferred Outflow of Resources	107,184	27,455		13,078	8,517	4,999				
290	<b>Total Assets and Deferred Outflow of Resources</b>	<b>41,208,391</b>	<b>1,339,214</b>	<b>179,262</b>	<b>97,159</b>	<b>20,414</b>	<b>14,746</b>	<b>4,694,868</b>	<b>454,837</b>	<b>5,010,809</b>	-

311	Bank overdraft	-								-	
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FDS #	Description	Total AMPs	S8 HCV Fund 306 14,871	S8 MAINSTREAM Fund 310 14,879	Jobs Plus Fund 601 14,895	ROSS 14,896	ROSS 14,870	CDBG 14,218	HOME 14,239	STATE/ LOCAL	2015 Shelter Plus Care 14,238
312	Accounts payable <= 90 days	122,632	56,475	859	11,242					153	
313	Accounts payable > 90 days past due	23,851								-	
321	Accrued wage/payroll taxes payable	24,966	7,423		2,587	2,161	698			-	
322	Accrued compensated absences - current portion	41,649	3,973		3,815	1,051	-			-	
324	Accrued contingency liability	-								-	
325	Accrued interest payable	721						258		-	
331-020	Accounts payable - HUD PHA Programs - Capital fund	-									
331-030	Accounts payable - HUD PHA Programs - Other	-		9,850							
331	<b>Accounts payable - HUD PHA Programs</b>	-	-	<b>9,850</b>	-	-	-	-	-	-	-
332	Accounts payable - PHA Projects	-								-	
333	Accounts payable - other government	182,279						57,860	36,371	364,505	
341	Tenant security deposits	147,822								-	
342-010	Unearned revenue - Operating Subsidy	-								155,086	
342-020	Unearned revenue - Capital fund	-								-	
342-030	Unearned revenue - Other	43,252								-	
342	<b>Unearned revenue</b>	<b>43,252</b>	-	-	-	-	-	-	-	155,086	-
343-010	CFFP	183,558									
343-020	Capital Projects/ Mortgage Revenue	-									
<b>343</b>	<b>Curr portion long-term debt - capital projs/mortg revenue bonds</b>	<b>183,558</b>								-	
345	Other current liabilities	7,225	42,333							-	
346	Accrued liabilities - other	-								-	
347	Inter program - due to	-			71,147	6,835	7,228			-	
348-020	Loan liability - current - Partnership	-									
348-040	Loan liability - current - Tax Credit	-									
348-050	Loan liability - current - Other	-						5,640	5,400	2,444	
348	<b>Loan liability - current</b>	-	-	-	-	-	-	<b>5,640</b>	<b>5,400</b>	<b>2,444</b>	-
310	<b>Total Current Liabilities</b>	<b>777,955</b>	<b>110,204</b>	<b>10,709</b>	<b>88,791</b>	<b>10,047</b>	<b>7,926</b>	<b>63,758</b>	<b>41,771</b>	522,188	-
351-010	Long-term debt - CFFP	47,070									
351-020	Long-term - Capital Projects/ Mortgage Revenue	-									
351	<b>Capital Projects- Mortgages/ Revenue Bonds</b>	<b>47,070</b>								-	
352	Long-term debt, net of current - operating borrowings	-								-	
353	Non-current liabilities - other	33,406	59,026	78						-	
354	Accrued compensated absences- Non-current	-								-	
355-050	Loan liability - Non-current - Other	-						87,559	413,066	-	
	Other - Comment										
355	<b>Loan liability - Non-current</b>	-	-	-	-	-	-	<b>87,559</b>	<b>413,066</b>	-	-
357-010	Pension Liability	-									
357-020	OPEB Liability	552,662	110,098			4,917	3,621				
357	Accrued Pension and OPEB Liability	552,662	110,098	-	-	4,917	3,621	-	-	-	-
350	<b>Total Non-current liabilities</b>	<b>633,138</b>	<b>169,124</b>	<b>78</b>	-	<b>4,917</b>	<b>3,621</b>	<b>87,559</b>	<b>413,066</b>	-	-
300	<b>Total Liabilities</b>	<b>1,411,093</b>	<b>279,328</b>	<b>10,787</b>	<b>88,791</b>	<b>14,964</b>	<b>11,547</b>	<b>151,317</b>	<b>454,837</b>	<b>522,188</b>	-
400	<b>Deferred Inflow of Resources</b>	<b>68,587</b>	<b>17,568</b>		<b>8,368</b>	<b>5,450</b>	<b>3,199</b>			-	
508.4	Invested in capital assets, net of related debt	<b>30,324,392</b>	<b>95,983</b>	-	-	-	-	<b>4,514,393</b>	-	<b>670,211</b>	-
511.4	Restricted Net Position	<b>1,622,910</b>	<b>107,402</b>							-	
512.4	Unrestricted Net Position	<b>7,781,409</b>	<b>838,933</b>	<b>168,475</b>				29,158		3,818,410	
513	<b>Total Equity/Net Assets/Position</b>	<b>39,728,711</b>	<b>1,042,318</b>	<b>168,475</b>	-	-	-	<b>4,543,551</b>	-	<b>4,488,621</b>	-
600	<b>Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position</b>	<b>41,208,391</b>	<b>1,339,214</b>	<b>179,262</b>	<b>97,159</b>	<b>20,414</b>	<b>14,746</b>	<b>4,694,868</b>	<b>454,837</b>	<b>5,010,809</b>	-
	ttl assets less ttl liabs + equity	-	-	-	-	-	-	-	-	-	-

FDS #	Description	Total AMPs	S8 HCV Fund 306 14.871	S8 MAINSTREAM Fund 310 14.879	Jobs Plus Fund 601 14.895	ROSS 14.896	ROSS 14.870	CDBG 14.218	HOME 14.239	STATE/ LOCAL	2015 Shelter Plus Care 14.238
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**Income Statement**

70300	Net tenant rental revenue	3,587,762								-	
70400	Tenant revenue - other	219,233								-	
70500	<b>Total Tenant Revenue</b>	<b>3,806,995</b>	-	-	-	-	-	-	-	-	-

70600-010	Housing assistance payments	-	11,529,393	227,326							44,622
70600-020	Ongoing administrative fees earned	-	998,745	24,662							487
70600-030	FSS Coordinator	-									
70600	<b>HUD PHA operating grants</b>	<b>5,418,687</b>	<b>12,528,138</b>	<b>251,988</b>	<b>827,278</b>	<b>154,468</b>	<b>110,257</b>	<b>3,232</b>	-	-	<b>45,109</b>
70610	<b>Capital grants</b>	<b>1,285,565</b>			-		-	-		-	

70710	Management Fee	-									
70720	Asset Management Fee	-									
70730	Book-Keeping Fee	-									
70740	Front Line Service Fee	-									
70750	Other Fees	-									
70700	<b>Total Fee Revenue</b>	-	-	-	-	-	-	-	-	-	-

70800	Other government grants	-						123		24,400	
71100-010	Housing Assistance Payment	-								2,640	
71100-020	Administrative Fee	-								2,640	
71100	<b>Investment income - unrestricted</b>	-	-	-	-	-	-	-	-	<b>2,640</b>	-
71200	Mortgage interest income	-						1,141		3,703	
71300	Proceeds from disposition of assets held for sale	-								25,142	
71310	Cost of sale of assets	-								(19,870)	
71400-010	Housing Assistance Payment	-	2,402								
71400-020	Administrative Fee	-	2,402								
71400	<b>Fraud recovery</b>	-	<b>4,804</b>	-						-	
71500	Other revenue	137,874	72,592					62,957		49,045	
71600	Gain or loss on sale of capital assets	-								-	
72000-010	Housing Assistance Payment	-									
72000-020	Administrative Fee	-									
72000	<b>Investment income - restricted</b>	2		-							
70000	<b>Total Revenue</b>	<b>10,649,123</b>	<b>12,605,534</b>	<b>251,988</b>	<b>827,278</b>	<b>154,468</b>	<b>110,257</b>	<b>67,453</b>	-	<b>85,060</b>	<b>45,109</b>

91100	Administrative salaries	422,393	282,917	7,012						1,385	487
91200	Auditing fees	20,027	15,358	672						-	
91300-010	To PHA Administered Program (i.e. COCC)	1,277,054	183,629							-	
91300-020	To Third Party/Outside Entity	-								-	
91300	<b>Management Fees</b>	<b>1,277,054</b>	<b>183,629</b>		-	-	-	-	-	-	-
91310	Book-Keeping Fee	114,690	152,153							-	
91400	Advertising and Marketing	19,272	202							-	
91500	Employee Benefit contributions - Administrative	177,169	100,551	2,244						443	
91600	Office Expenses	178,954	8,026							-	
91700	Legal Expense	71,650	8,427	190				2,212		6,654	
91800	Travel	9,135	5,348	72						8	
91810	Allocated Overhead	-								-	
91900	Other	150,265	79,711	1,363				1,020		153	
91000	<b>Total Operating-Administrative</b>	<b>2,440,609</b>	<b>836,322</b>	<b>11,553</b>	-	-	-	<b>3,232</b>	-	<b>8,643</b>	<b>487</b>

92000	Asset Management Fee	153,000									
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FDS #	Description	Total AMPs	S8 HCV Fund 306 14,871	S8 MAINSTREAM Fund 310 14,879	Jobs Plus Fund 601 14,895	ROSS 14,896	ROSS 14,870	CDBG 14,218	HOME 14,239	STATE/ LOCAL	2015 Shelter Plus Care 14,238
92100	Tenant services - salaries	97,664	3,714		168,766	113,832	62,759			-	
92200	Relocation Costs	-								-	
92300	Employee benefit contributions - tenant services	47,501	1,312		48,679	34,688	21,598			-	
92400	Tenant services - other	59,974	4,696		601,115		21,551			-	
92500	<b>Total Tenant Services</b>	<b>205,139</b>	<b>9,722</b>	-	<b>818,560</b>	<b>148,520</b>	<b>105,908</b>	-	-	-	-
93100	Water	404,223	1,080	24						2	
93200	Electricity	621,699	1,491	33						2	
93300	Gas	397,701	1,562	34						1	
93400	Fuel	-								-	
93500	Labor	-								-	
93600	Sewer	425,172	1,029	22						1,041	
93700	Employee benefit contributions - utilities	-								-	
93750	HAP Portability-In	-								-	
93800	Other utilities expense	-								-	
93000	<b>Total Utilities</b>	<b>1,848,795</b>	<b>5,162</b>	<b>113</b>	-	-	-	-	-	1,046	-
94100	Ordinary maint & operations-labor	668,119								-	
94200	Ordinary maint & operations-materials and other	414,449	1,299							-	
94300-010	Ordinary maint & operations contracts-Garbage/Trash Removal	211,392								96	
94300-020	Ordinary maint & operations contracts-Heating & Cooling	133,781								-	
94300-030	Ordinary maint & operations contracts-Snow Removal	-								-	
94300-040	Ordinary maint & operations contracts-Elevator Maint	33,422								-	
94300-050	Ordinary maint & operations contracts-Landscape & Grounds	135,801								1,952	
94300-060	Ordinary maint & operations contracts-Unit Turnaround	42,417								-	
94300-070	Ordinary maint & operations contracts-Electrical	128,645								-	
94300-080	Ordinary maint & operations contracts-Plumbing	83,304								-	
94300-090	Ordinary maint & operations contracts-Extermination	78,410								-	
94300-100	Ordinary maint & operations contracts-Janitorial	9,502	2,777							-	
94300-110	Ordinary maint & operations contracts-Routine Maint	378,251								-	
94300-120	Ordinary maint & operations contracts-Misc	70,895	2,004	110						7	
94300	<b>Ordinary Maintenance and Operations Contracts</b>	<b>1,305,820</b>	<b>4,781</b>	<b>110</b>	-	-	-	-	-	<b>2,055</b>	-
94500	Ordinary maint- Employee benefit contributions	233,040								-	
94000	<b>Total Maintenance</b>	<b>2,621,428</b>	<b>6,080</b>	<b>110</b>	-	-	-	-	-	<b>2,055</b>	-
95100	Protective services - labor	-								-	
95200	Protective services - other contract costs (police)	127,932								-	
95300	Protective services - other	58,864								-	
95500	Protective services - Employee benefit contributions	-								-	
95000	<b>Total Protective Services</b>	<b>186,796</b>	-	-	-	-	-	-	-	-	-
96110	Property Insurance	162,362	1,098							5	
96120	Liability Insurance	79,194	6,761	326				123		23	
96130	Workmen's Compensation	34,050	6,911							-	
96140	All other Insurance	584								-	
96100	<b>Total insurance Premiums</b>	<b>276,190</b>	<b>14,770</b>	<b>326</b>	-	-	-	<b>123</b>	-	<b>28</b>	-
96200	Other general expenses (FSS Escrow)	23,508						64,098		48,500	
96210	Compensated absences	89,885	29,354		8,718	5,948	4,349			-	
96300	Payments in lieu of taxes	182,278								-	
96400	Bad debt - tenant rents	86,633								-	
96500	Bad debt - mortgages	-								-	
96600	Bad debt - other	-	12,505							-	
96800	Severance expense	-								-	
96000	<b>Total Other General Expenses</b>	<b>382,304</b>	<b>41,859</b>	-	<b>8,718</b>	<b>5,948</b>	<b>4,349</b>	<b>64,098</b>	-	<b>48,500</b>	-

FDS #	Description	Total AMPs	S8 HCV Fund 306 14.871	S8 MAINSTREAM Fund 310 14.879	Jobs Plus Fund 601 14.895	ROSS 14.896	ROSS 14.870	CDBG 14.218	HOME 14.239	STATE/ LOCAL	2015 Shelter Plus Care 14.238
96710	Interest of Mortgage (or Bonds) Payable	14,149									-
96720-010	Interest on EPC Related Debt	-									-
96720-020	Interest on All Other Debt	-									-
96720	Interest on Notes Payable (Short and Long Term)	-									-
96730	Amortization of Bond Issue Costs	1,669									-
96700	<b>Interest expense and Amortization cost</b>	<b>15,818</b>	-	-	-	-	-	-	-	-	-
96900	<b>Total Operating Expenses</b>	<b>8,130,079</b>	<b>913,915</b>	<b>12,102</b>	<b>827,278</b>	<b>154,468</b>	<b>110,257</b>	<b>67,453</b>	-	<b>60,272</b>	<b>487</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>2,519,044</b>	<b>11,691,619</b>	<b>239,886</b>	-	-	-	-	-	<b>24,788</b>	<b>44,622</b>
97100	Extraordinary maintenance	353,863									-
97200	Casualty losses- Non-capitalized	6,138									-
97300-010	Mainstream 1 & 5 year	-		218,885							
97300-020	Home-Ownership	-	61,660								
97300-025	Litigation	-									
97300-030	Hope IV	-									
97300-035	Moving to Work	-									
97300-040	Tenant Protection	-	221,319								
97300-050	All Other	-	11,470,385							<b>14,536</b>	44,622
97300	<b>Housing assistance payments</b>	-	<b>11,753,364</b>	<b>218,885</b>							44,622
97350	<b>HAP Portability In</b>	-	<b>39,118</b>								
97400	Depreciation expense	2,639,308	19,067					61,038		42,899	
97500	Fraud losses	-									-
97800	Dwelling units rent expense	-									-
90000	<b>Total Expenses</b>	<b>11,129,388</b>	<b>12,725,464</b>	<b>230,987</b>	<b>827,278</b>	<b>154,468</b>	<b>110,257</b>	<b>128,491</b>	-	<b>117,707</b>	<b>45,109</b>
10010	Operating transfer in	17,599									-
10020	Operating transfer out	(17,599)									-
10070	Extraordinary items, net gain/loss	-									-
10080	Special items, net gain/loss	-									-
10091	Inter AMP Excess Cash Transfer In	1,726,000									-
10092	Inter AMP Excess Cash Transfer Out	(1,726,000)									-
10093	Transfers between Program and Project - IN	-									-
10094	Transfers between Program and Project - Out	-									-
10100	<b>Total other financing sources (uses)</b>	-	-	-	-	-	-	-	-	-	-
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>(480,265)</b>	<b>(119,930)</b>	<b>21,001</b>	-	-	-	<b>(61,038)</b>	-	<b>(32,647)</b>	-
11020	Required Annual Debt Principal Payments	175,495			-	-		5,017	5,749	88,000	
11030	Beginning equity	40,208,976	1,162,248	147,474				4,604,589	-	4,521,268	
11040-010	Prior period adjustments and correction of errors - Editable	-	<b>13,574</b>								-
11040-020	Prior period adjustments and correction of errors - Editable	-	<b>(13,574)</b>								-
11040-070	Equity Transfers (UNRESTRICTED)	-									-
11040-080	Equity Transfers (RESTRICTED)	-									-
11040-090	Equity Transfers	-									-
11040-100	Equity Transfers	-									-
11040-110	Equity Transfers	-									-
11040	<b>Prior period adjustments, equity transfers, &amp; correction of errors</b>	-	-	-	-	-	-	-	-	-	-

FDS #	Description	Business Activity	Central Office Cost Center	Eliminations	Total	COMPONENT UNITS COMBINED 6	ENTITY WIDE TOTAL
111	Cash-unrestricted	588,638	1,768,364		13,535,314	520,979	14,056,293
112	Cash-restricted-modernization and development	-	-		1,602,525	-	1,602,525
113	Cash-other restricted	-	-		441,364	573,146	1,014,510
114	Cash-tenant security deposits	5,674	-		153,496	29,405	182,901
115	Cash - Restricted for payment of current liability	-	-		80,908	-	80,908
100	<b>Total Cash</b>	<b>594,312</b>	<b>1,768,364</b>	<b>-</b>	<b>15,813,607</b>	<b>1,123,530</b>	<b>16,937,137</b>
121	Accounts receivable - PHA projects	-	-		2,146	-	2,146
122-010	Accounts receivable - HUD other projects - Operating Subsidy	-	-		147,666	-	147,666
122-020	Accounts receivable - HUD other projects - Capital fund	-	-		148,804	-	148,804
122-030	Accounts receivable - HUD other projects - Other	-	-		-	-	-
122	<b>Accounts receivable - HUD other projects</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>296,470</b>	<b>-</b>	<b>296,470</b>
124	Account receivable - other government	-	-		6,314	-	6,314
125-050	Account receivable - miscellaneous - Other	-	714,780	(714,211)	8,633	-	8,633
125	<b>Account receivable - miscellaneous</b>	<b>41,762</b>	<b>714,780</b>	<b>(714,211)</b>	<b>50,395</b>	<b>-</b>	<b>50,395</b>
126	Accounts receivable - tenants	1,849	-		99,248	33,784	133,032
126	Allowance for doubtful accounts - tenants	(625)	-		(34,473)	(9,893)	(44,366)
126	Allowance for doubtful accounts - other	-	-		-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-		30,951	-	30,951
128	Fraud recovery	-	-		106,946	-	106,946
128	Allowance for doubtful accounts - fraud	-	-		(94,212)	-	(94,212)
129	Accrued interest receivable	-	-		447	-	447
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<b>42,986</b>	<b>714,780</b>	<b>(714,211)</b>	<b>464,232</b>	<b>23,891</b>	<b>488,123</b>
131	Investments - unrestricted	-	-		-	-	-
132	Investments - restricted	-	-		-	-	-
142	Prepaid expenses and other assets	4,828	22,159		260,595	31,762	292,357
144	Inter program - due from	-	-	(85,210)	-	-	-
145	Assets held for sale	-	-		1,632,177	-	1,632,177
150	<b>Total Current Assets</b>	<b>642,126</b>	<b>2,505,303</b>	<b>(799,421)</b>	<b>18,170,611</b>	<b>1,179,183</b>	<b>19,349,794</b>
161	Land	84,004	-		16,706,095	3,299,483	20,005,578
162	Buildings	850,699	-		77,920,583	19,829,764	97,750,347
163	Furniture, equipment and machinery - dwellings	-	-		1,077,500	217,711	1,295,211
164	Furniture, equipment and machinery - administration	28,383	416,905		2,625,059	-	2,625,059
165	Leasehold improvements	-	-		-	-	-
166	Accumulated depreciation	(763,017)	(298,856)		(68,894,800)	(6,882,384)	(75,777,184)
167	Construction in progress	-	8,851		3,618,822	-	3,618,822
168	Infrastructure	-	-		3,109,317	-	3,109,317
160	<b>Total capital assets, net of accumulated depreciation</b>	<b>200,069</b>	<b>126,900</b>	<b>-</b>	<b>36,162,576</b>	<b>16,464,574</b>	<b>52,627,150</b>
171-050	Notes, Loans, & Mortgages receivable - Non-current - Other	-	-		589,714	-	589,714
171	<b>Notes, Loans, &amp; Mortgages receivable - Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>905,714</b>	<b>-</b>	<b>905,714</b>
173	Grants receivable - Non-current	-	-		-	-	-
174-040	Other assets - Tax Credit	-	-		-	-	-
174-050	Other assets - Other	15,875	194,388		504,806	15,351	520,157
174	<b>Other assets</b>	<b>15,875</b>	<b>194,388</b>	<b>-</b>	<b>504,806</b>	<b>15,351</b>	<b>520,157</b>
180	<b>Total Non-current Assets</b>	<b>215,944</b>	<b>321,288</b>	<b>-</b>	<b>37,573,096</b>	<b>16,479,925</b>	<b>54,053,021</b>
190	<b>Total Assets</b>	<b>858,070</b>	<b>2,826,591</b>	<b>(799,421)</b>	<b>55,743,707</b>	<b>17,659,108</b>	<b>73,402,815</b>
200	Deferred Outflow of Resources	7,547	97,954		266,734	-	266,734
290	<b>Total Assets and Deferred Outflow of Resources</b>	<b>865,617</b>	<b>2,924,545</b>	<b>(799,421)</b>	<b>56,010,441</b>	<b>17,659,108</b>	<b>73,669,549</b>
311	Bank overdraft	-	-		-	-	-

FDS #	Description	Business Activity	Central Office Cost Center	Eliminations	Total	COMPONENT UNITS COMBINED 6	ENTITY WIDE TOTAL
312	Accounts payable <= 90 days	2,777	12,559		206,697	29,493	236,190
313	Accounts payable > 90 days past due	-	46,419		70,270	11,178	81,448
321	Accrued wage/payroll taxes payable	1,952	21,281		61,068	-	61,068
322	Accrued compensated absences - current portion	2,081	42,752		95,321	-	95,321
324	Accrued contingency liability	-	-		-	-	-
325	Accrued interest payable	-	-		979	10,638	11,617
331-020	Accounts payable - HUD PHA Programs - Capital fund	-	-		-	-	-
331-030	Accounts payable - HUD PHA Programs - Other	-	-		9,850	-	9,850
331	<b>Accounts payable - HUD PHA Programs</b>	-	-	-	<b>9,850</b>	-	<b>9,850</b>
332	Accounts payable - PHA Projects	-	-		-	-	-
333	Accounts payable - other government	-	-		641,015	-	641,015
341	Tenant security deposits	5,674	-		153,496	29,750	183,246
342-010	Unearned revenue - Operating Subsidy	-	-		155,086	-	155,086
342-020	Unearned revenue - Capital fund	-	-		-	-	-
342-030	Unearned revenue - Other	219	2,442		45,913	10,376	56,289
342	<b>Unearned revenue</b>	219	2,442	-	<b>200,999</b>	<b>10,376</b>	<b>211,375</b>
343-010	CFFP	-	-		183,558	-	183,558
343-020	Capital Projects/ Mortgage Revenue	-	-		-	-	-
<b>343</b>	<b>Curr portion long-term debt - capital projs/mortg revenue bonds</b>	<b>14,353</b>	<b>-</b>	<b>-</b>	<b>197,911</b>	<b>82,431</b>	<b>280,342</b>
345	Other current liabilities	-	-		49,558	469	50,027
346	Accrued liabilities - other	-	-		-	-	-
347	Inter program - due to	-	-	(85,210)	-	-	-
348-020	Loan liability - current - Partnership	-	-		-	514	514
348-040	Loan liability - current - Tax Credit	-	-		-	-	-
348-050	Loan liability - current - Other	-	-		13,484	-	13,484
348	<b>Loan liability - current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,484</b>	<b>514</b>	<b>13,998</b>
310	<b>Total Current Liabilities</b>	<b>27,056</b>	<b>125,453</b>	<b>(85,210)</b>	<b>1,700,648</b>	<b>174,849</b>	<b>1,875,497</b>
351-010	Long-term debt - CFFP	-	-		47,070	-	47,070
351-020	Long-term - Capital Projects/ Mortgage Revenue	33,163	-		33,163	-	33,163
351	<b>Capital Projects- Mortgages/ Revenue Bonds</b>	<b>33,163</b>	<b>-</b>	<b>-</b>	<b>80,233</b>	<b>7,136,459</b>	<b>7,216,692</b>
352	Long-term debt, net of current - operating borrowings	-	-		-	-	-
353	Non-current liabilities - other	-	-		92,510	1,283,301	1,375,811
354	Accrued compensated absences- Non-current	-	-		-	-	-
355-050	Loan liability - Non-current - Other	-	-		500,625	-	500,625
	Other - Comment	-	-		-	-	-
355	<b>Loan liability - Non-current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,625</b>	<b>-</b>	<b>500,625</b>
357-010	Pension Liability	-	-		-	-	-
357-020	OPEB Liability	42,911	1,072,638	(714,211)	1,072,636	-	1,072,636
357	Accrued Pension and OPEB Liability	42,911	1,072,638	(714,211)	1,072,636	-	1,072,636
350	<b>Total Non-current liabilities</b>	<b>76,074</b>	<b>1,072,638</b>	<b>(714,211)</b>	<b>1,746,004</b>	<b>8,419,760</b>	<b>10,165,764</b>
300	<b>Total Liabilities</b>	<b>103,130</b>	<b>1,198,091</b>	<b>(799,421)</b>	<b>3,446,652</b>	<b>8,594,609</b>	<b>12,041,261</b>
400	<b>Deferred Inflow of Resources</b>	<b>4,601</b>	<b>62,907</b>	<b>-</b>	<b>170,680</b>	<b>-</b>	<b>170,680</b>
508.4	Invested in capital assets, net of related debt	152,553	126,900		35,884,432	9,245,684	45,130,116
511.4	Restricted Net Position	-	-		1,730,312	573,146	2,303,458
512.4	Unrestricted Net Position	605,333	1,536,647		14,778,365	(754,331)	14,024,034
513	<b>Total Equity/Net Assets/Position</b>	<b>757,886</b>	<b>1,663,547</b>	<b>-</b>	<b>52,393,109</b>	<b>9,064,499</b>	<b>61,457,608</b>
600	<b>Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position</b>	<b>865,617</b>	<b>2,924,545</b>	<b>(799,421)</b>	<b>56,010,441</b>	<b>17,659,108</b>	<b>73,669,549</b>

ttl assets less ttl liabs + equity

FDS #	Description	Business Activity	Central Office Cost Center	Eliminations	Total	COMPONENT UNITS COMBINED 6	ENTITY WIDE TOTAL
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**Income Statement**

70300	Net tenant rental revenue	163,720	-	(471,557)	3,279,925	724,664	4,004,589
70400	Tenant revenue - other	443			219,676	9,763	229,439
70500	<b>Total Tenant Revenue</b>	164,163	-	(471,557)	<b>3,499,601</b>	<b>734,427</b>	<b>4,234,028</b>

70600-010	Housing assistance payments				11,801,341	-	11,801,341
70600-020	Ongoing administrative fees earned				1,023,894	-	1,023,894
70600-030	FSS Coordinator				-	-	-
70600	<b>HUD PHA operating grants</b>		-	-	<b>19,339,157</b>	-	<b>19,339,157</b>
70610	<b>Capital grants</b>	-	-	-	<b>1,285,565</b>	-	<b>1,285,565</b>

70710	Management Fee	-	1,550,863	(1,550,863)	-	-	-
70720	Asset Management Fee		153,000	(153,000)	-	-	-
70730	Book-Keeping Fee		266,843	(266,843)	-	-	-
70740	Front Line Service Fee		236,789	(236,789)	-	-	-
70750	Other Fees		-	-	-	-	-
70700	<b>Total Fee Revenue</b>	-	<b>2,207,495</b>	<b>(2,207,495)</b>	-	-	-

70800	Other government grants	-	-	-	24,523	-	24,523
71100-010	Housing Assistance Payment	-			-	-	-
71100-020	Administrative Fee				2,640	-	2,640
71100	<b>Investment income - unrestricted</b>	-	-	-	<b>2,640</b>	<b>628</b>	<b>3,268</b>
71200	Mortgage interest income	-	-	-	4,844	-	4,844
71300	Proceeds from disposition of assets held for sale	-	-	-	25,142	-	25,142
71310	Cost of sale of assets	-	-	-	(19,870)	-	(19,870)
71400-010	Housing Assistance Payment				2,402	-	2,402
71400-020	Administrative Fee				2,402	-	2,402
71400	<b>Fraud recovery</b>	-	-	-	<b>4,804</b>	-	<b>4,804</b>
71500	Other revenue	207,132	62,898	(20,377)	572,121	992	573,113
71600	Gain or loss on sale of capital assets	-	3,000		3,000	-	3,000
72000-010	Housing Assistance Payment				-	-	-
72000-020	Administrative Fee				-	-	-
72000	<b>Investment income - restricted</b>	-	-	-	<b>2</b>	-	<b>2</b>
70000	<b>Total Revenue</b>	<b>371,295</b>	<b>2,273,393</b>	<b>(2,699,429)</b>	<b>24,741,529</b>	<b>736,047</b>	<b>25,477,576</b>

91100	Administrative salaries	50,299	1,009,740		1,774,233	34,775	1,809,008
91200	Auditing fees	944	5,182		42,183	3,700	45,883
91300-010	To PHA Administered Program (i.e. COCC)	90,180	-	(1,550,863)	-	42,591	42,591
91300-020	To Third Party/Outside Entity	-	-	-	-	41,566	41,566
91300	Management Fees	90,180	-	(1,550,863)	-	84,157	84,157
91310	Book-Keeping Fee	-	-	(266,843)	-	-	-
91400	Advertising and Marketing	-	2,690		22,164	-	22,164
91500	Employee Benefit contributions - Administrative	20,988	420,022		721,417	-	721,417
91600	Office Expenses	31	83,010		270,021	19,604	289,625
91700	Legal Expense	4,774	52,154		146,061	4,314	150,375
91800	Travel	434	9,283		24,280	2,980	27,260
91810	Allocated Overhead	-	-		-	-	-
91900	Other	20,437	46,253	(142,080)	157,122	7,540	164,662
91000	<b>Total Operating-Administrative</b>	<b>188,087</b>	<b>1,628,334</b>	<b>(1,959,786)</b>	<b>3,157,481</b>	<b>157,070</b>	<b>3,314,551</b>

92000	Asset Management Fee			(153,000)	-	-	-
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FDS #	Description	Business Activity	Central Office Cost Center	Eliminations	Total	COMPONENT UNITS COMBINED 6	ENTITY WIDE TOTAL
92100	Tenant services - salaries	207	-	-	446,942	-	446,942
92200	Relocation Costs	-	-	-	-	-	-
92300	Employee benefit contributions - tenant services	56	-	-	153,834	-	153,834
92400	Tenant services - other	302	58,572	(497,374)	248,836	-	248,836
92500	<b>Total Tenant Services</b>	565	58,572	(497,374)	849,612	-	849,612
93100	Water	1,249	5,769	-	412,347	19,458	431,805
93200	Electricity	812	7,632	-	631,669	9,238	640,907
93300	Gas	7	7,984	-	407,289	2,942	410,231
93400	Fuel	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-
93600	Sewer	1,932	6,052	-	435,248	17,799	453,047
93700	Employee benefit contributions - utilities	-	-	-	-	-	-
93750	HAP Portability-In	-	-	-	-	-	-
93800	Other utilities expense	-	-	-	-	-	-
93000	<b>Total Utilities</b>	4,000	27,437	-	1,886,553	49,437	1,935,990
94100	Ordinary maint & operations-labor	36,991	58,530	(170)	763,470	10,677	774,147
94200	Ordinary maint & operations-materials and other	17,807	2,634	-	436,189	30,765	466,954
94300-010	Ordinary maint & operations contracts-Garbage/Trash Removal	1,614	-	-	213,102	12,714	225,816
94300-020	Ordinary maint & operations contracts-Heating & Cooling	642	-	-	134,423	5,187	139,610
94300-030	Ordinary maint & operations contracts-Snow Removal	-	-	-	-	-	-
94300-040	Ordinary maint & operations contracts-Elevator Maint	-	-	-	33,422	-	33,422
94300-050	Ordinary maint & operations contracts-Landscape & Grounds	-	-	-	137,753	24,865	162,618
94300-060	Ordinary maint & operations contracts-Unit Turnaround	-	-	-	42,417	11,907	54,324
94300-070	Ordinary maint & operations contracts-Electrical	4,079	-	(50,657)	82,067	2,915	84,982
94300-080	Ordinary maint & operations contracts-Plumbing	2,178	-	-	85,482	1,932	87,414
94300-090	Ordinary maint & operations contracts-Extermination	1,754	-	-	80,164	6,256	86,420
94300-100	Ordinary maint & operations contracts-Janitorial	-	17,081	-	29,360	1,225	30,585
94300-110	Ordinary maint & operations contracts-Routine Maint	-	-	-	378,251	10,004	388,255
94300-120	Ordinary maint & operations contracts-Misc	46,397	2,874	(37,422)	84,865	809	85,674
94300	<b>Ordinary Maintenance and Operations Contracts</b>	56,664	19,955	(88,079)	1,301,306	77,814	1,379,120
94500	Ordinary maint- Employee benefit contributions	14,342	6,671	-	254,053	-	254,053
94000	<b>Total Maintenance</b>	125,804	87,790	(88,249)	2,755,018	119,256	2,874,274
95100	Protective services - labor	-	-	-	-	-	-
95200	Protective services - other contract costs (police)	-	-	-	127,932	-	127,932
95300	Protective services - other	-	-	-	58,864	2,451	61,315
95500	Protective services - Employee benefit contributions	-	-	-	-	-	-
95000	<b>Total Protective Services</b>	-	-	-	186,796	2,451	189,247
96110	Property Insurance	2,721	-	-	166,186	59,802	225,988
96120	Liability Insurance	1,309	1,272	-	89,008	4,940	93,948
96130	Workmen's Compensation	2,288	24,969	-	68,218	842	69,060
96140	All other Insurance	1,079	2,355	-	4,018	687	4,705
96100	<b>Total insurance Premiums</b>	7,397	28,596	-	327,430	66,271	393,701
96200	Other general expenses (FSS Escrow)	-	-	(1,020)	135,086	-	135,086
96210	Compensated absences	3,828	99,021	-	241,103	-	241,103
96300	Payments in lieu of taxes	-	-	-	182,278	100,346	282,624
96400	Bad debt - tenant rents	625	-	-	87,258	6,827	94,085
96500	Bad debt - mortgages	-	-	-	-	-	-
96600	Bad debt - other	-	-	-	12,505	-	12,505
96800	Severance expense	-	-	-	-	-	-
96000	<b>Total Other General Expenses</b>	4,453	99,021	(1,020)	658,230	107,173	765,403

FDS #	Description	Business Activity	Central Office Cost Center	Eliminations	Total	COMPONENT UNITS COMBINED 6	ENTITY WIDE TOTAL
96710	Interest of Mortgage (or Bonds) Payable	3,812	-	-	17,961	134,528	152,489
96720-010	Interest on EPC Related Debt	-	-	-	-	-	-
96720-020	Interest on All Other Debt	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	1,669	1,570	3,239
96700	<b>Interest expense and Amortization cost</b>	<b>3,812</b>	<b>-</b>	<b>-</b>	<b>19,630</b>	<b>136,098</b>	<b>155,728</b>
96900	<b>Total Operating Expenses</b>	<b>334,118</b>	<b>1,929,750</b>	<b>(2,699,429)</b>	<b>9,840,750</b>	<b>637,756</b>	<b>10,478,506</b>
97000	<b>Excess Revenue Over Operating Expenses</b>	<b>37,177</b>	<b>343,643</b>	<b>-</b>	<b>14,900,779</b>	<b>98,291</b>	<b>14,999,070</b>
97100	Extraordinary maintenance	38,848	-	-	392,711	-	392,711
97200	Casualty losses- Non-capitalized	-	-	-	6,138	2,500	8,638
97300-010	Mainstream 1 & 5 year	-	-	-	218,885	-	218,885
97300-020	Home-Ownership	-	-	-	61,660	-	61,660
97300-025	Litigation	-	-	-	-	-	-
97300-030	Hope IV	-	-	-	-	-	-
97300-035	Moving to Work	-	-	-	-	-	-
97300-040	Tenant Protection	-	-	-	221,319	-	221,319
97300-050	All Other	-	-	-	11,529,543	-	11,529,543
97300	<b>Housing assistance payments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,031,407</b>	<b>-</b>	<b>12,031,407</b>
97350	<b>HAP Portability In</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,118</b>	<b>-</b>	<b>39,118</b>
97400	Depreciation expense	15,000	35,427	-	2,812,739	684,027	3,496,766
97500	Fraud losses	-	-	-	-	-	-
97800	Dwelling units rent expense	-	-	-	-	-	-
90000	<b>Total Expenses</b>	<b>387,966</b>	<b>1,965,177</b>	<b>(2,699,429)</b>	<b>25,122,863</b>	<b>1,324,283</b>	<b>26,447,146</b>
10010	Operating transfer in	-	-	(17,599)	-	-	-
10020	Operating transfer out	-	-	17,599	-	-	-
10070	Extraordinary items, net gain/loss	-	-	-	-	-	-
10080	Special items, net gain/loss	-	-	-	-	-	-
10091	Inter AMP Excess Cash Transfer In	-	-	(1,726,000)	-	-	-
10092	Inter AMP Excess Cash Transfer Out	-	-	1,726,000	-	-	-
10093	Transfers between Program and Project - IN	-	-	-	-	-	-
10094	Transfers between Program and Project - Out	-	-	-	-	-	-
10100	<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
10000	<b>Excess (Deficiency) of Revenue Over (Under) Expenses</b>	<b>(16,671)</b>	<b>308,216</b>	<b>-</b>	<b>(381,334)</b>	<b>(588,236)</b>	<b>(969,570)</b>
11020	Required Annual Debt Principal Payments	13,392	-	-	287,653	79,971	367,624
11030	Beginning equity	774,557	1,355,331	-	52,774,443	9,652,735	62,427,178
11040-010	Prior period adjustments and correction of errors - Editable	-	-	-	13,574	-	13,574
11040-020	Prior period adjustments and correction of errors - Editable	-	-	-	(13,574)	-	(13,574)
11040-070	Equity Transfers (UNRESTRICTED)	-	-	-	-	-	-
11040-080	Equity Transfers (RESTRICTED)	-	-	-	-	-	-
11040-090	Equity Transfers	-	-	-	-	-	-
11040-100	Equity Transfers	-	-	-	-	-	-
11040-110	Equity Transfers	-	-	-	-	-	-
11040	<b>Prior period adjustments, equity transfers, &amp; correction of errors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**JUMP, PERRY AND COMPANY, L.L.P.** CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Report on Applying  
Agreed-Upon Procedures

To Roanoke Redevelopment and Housing Authority:

We have performed the procedure described in the second paragraph of this report, which was agreed to by Roanoke Redevelopment and Housing Authority and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the reporting package. Roanoke Redevelopment and Housing Authority is responsible for accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

We were engaged to perform an audit in accordance with Audits of States, Local Governments, and Non-profit Organizations, of the financial statements of Roanoke Redevelopment and Housing Authority as of and for the year ended September 30, 2018, and have issued our reports thereon dated March 14, 2019. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product of that audit. Further, our opinion on the fair presentation of the supplemental financial data templates dated March 14, 2019, was expressed in relation to the basic financial statements of Roanoke Redevelopment and Housing Authority taken as a whole.

A copy of the financial statement package required by the Uniform Guidance, which includes the auditor's reports is available in its entirety from Roanoke Redevelopment and Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This report is intended solely for the information and use of Roanoke Redevelopment and Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2019  
Toms River, New Jersey

Attachment to Independent Accountant's Report on Applying  
Agreed-Upon Procedures

UFRS Rule Information	Hard Copy Document(s)	Findings
Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedules, all CFDAs	Agrees
Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
Type of Opinion on the Financial Data Schedule (data element G5100-010)	Auditor's supplemental report on Financial Data Schedule	Agrees
Audit Findings Narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	Agrees
General information (data element series G2000, G2100, G2200, G2300, G9000, G9100)	OMB Data Collection Form	Agrees
Financial statement report information (data element G3000-010 to G3000-050, G3100-010 to G3100-030, G3200-010 to G3200-030, G3300-010 to G3300-060, G3400-010 to G3400-020)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form.	Agrees
Federal program report information (data element G4000-010 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form.	Agrees
Federal agencies required to receive reporting package (data element G4000-050)	OMB Data Collection Form	Agrees
Basic financial statements and auditor's reports required to be submitted electronically.	Basic financial statements (inclusive of auditor reports)	Agrees